

The Council re-assembled at the Council Chamber, Fort St. George, at 11 a.m. on Tuesday, the 14th November 1922, the hon. Diwan Bahadur Sir P. RAJAGOPALA ACHARIYAR Avargal, K.C.S.I., C.I.E., President, presiding.

I NEW MEMBERS.

The following members took the prescribed oath of allegiance to the Crown and then took their seats :—

1. The Rev. EARLE MONTEITH MACPAIL.
2. M.R.Ry. Rao Bahadur KONKOTH RAMUNNI MENON Avargal.

II QUESTIONS AND ANSWERS.

[*Order made by the President of the Madras Legislative Council under Standing Order No. 15—*

(1) Printed copies of the questions and answers to be put and given at a meeting of the Council shall be placed on the Council table an hour before the President takes his seat.

(2) The questions shall be put and answered in the following manner :—

The Secretary shall call the name of each interpellator in alphabetical order, specify the serial numbers of his questions, and make a sufficient pause to allow him or any other member a reasonable opportunity of rising in his place if he is desirous of asking a supplementary question. Supplementary questions must be put immediately after the principal questions to which they relate.]

Tanks in the Ramnad and Tinnevely districts.

463 Q.—Mr. R. APPASWAMI NAYUDU: Will the hon. the Law Member be pleased to state—

(a) whether it is a fact that some tanks in Kovilpatti taluk, Tinnevely district, have not been investigated by the Tank Restoration party though they had already completed the work in the district ;

(b) when the Government expect the investigation of such tanks to be taken up ;

(c) whether the Government are in possession of any records of tanks silted up by the flow of supply-water in Ramnad and Tinnevely districts ;

(d) if so, what are the ayacut areas of lands irrigated under such tanks, and what are the amounts of land revenues collected from them ; and

(e) if the reply to (a) and (b) is in the negative whether the Government will be pleased to call for such information and lay it on the table ?

A.—(a), (b) & (e) Tank Restoration Scheme investigation is taken up by river basins and minor basins and not by taluks. It is not a fact that the investigation of Tank Restoration Scheme works in the Tinnevely district has been completed. The investigation of four minor basins in the district has been finished and at present estimates for certain works partly investigated in the Tinnevely minor basin are being completed. It is proposed to resume investigation in the district in 1923–24.

(c) & (d) The Government have no information.

[14th November 1922]

Review of administration reports of district boards and municipalities.

464 Q.—Rao Bahadur V. APPASWAMI VANDAYAR: Will the hon. the Minister for Local Self-Government be pleased to state the date and the order in which the administration reports of 1920-21 and 1921-22 of each of the district boards and municipal councils were reviewed by the Government?

A.—A statement giving the information required in regard to the administration reports of 1920-21 is placed on the table.*

Administration reports for 1921-22 were due from municipal councils by the 15th July 1922 and from district boards by the 1st August 1922. Up to the 30th October 1922 only forty-three municipal reports and nine district board reports had been received and thirty-eight municipal reports and fifteen district board reports were due. Of the forty-three municipal reports received, thirty-three have been reviewed by the Government and the reviews on twenty-one reports issued. A list of the reviews issued is placed on the table.

The Director of Office Systems.

465 Q.—Rao Bahadur V. APPASWAMI VANDAYAR: Will the hon. the Member for Finance be pleased to state—

- (a) how long the Director of Office Systems has held his office;
- (b) the names of offices he has inspected during the period and the time he took for inspecting each office;
- (c) the offices in which he has effected retrenchment;
- (d) the total amount of retrenchment he has effected; and
- (e) the total expenditure incurred up to date under each of the following heads:—

(i) pay of the Director of Office Systems and his establishment separately; and

(ii) the travelling allowance drawn by that officer?

A.—(a) Since the 10th January 1922 except for a period of six weeks when he was on leave without allowances, but during which he carried on his work.

(b) The Director's attention has so far been directed mainly to the undermentioned matters:—

(i) The constitution of a central record office in the Fort for the Secretariat departments located there in place of the arrangements under which each department maintained its own records, which has been found to be unsatisfactory in working. This involved much rearrangement and sorting of records.

(ii) The establishment in the Secretariat at the Fort of a general Government reference library for all Government offices at the Presidency town, which will also be a reference library for the members of the Legislative Council. This involved the examination of the existing books in the Secretariat Library and the transfer thither of all books maintained in other offices which were not required by the heads of the

14th November 1922]

offices for frequent reference. An enormous amount of useless matter has been removed, while many useful books have been rescued from oblivion.

- (iii) A general rearrangement of the accommodation available in the Secretariat offices in the Fort with a view to giving more air and light to the clerks and also to bringing officers and clerks into close proximity and to providing tiffin rooms for clerks and other conveniences which did not exist.
- (iv) The establishment of a central issue and despatch office for all Secretariat departments in the Fort.
- (v) The institution of a central cashier and stationery bureau for the same departments.
- (vi) The cheapening and the introduction of greater expedition in the circulation of papers to Members and Ministers.
- (vii) The reduction of printing.
- (viii) The establishment of a central clearing house in the Government Press for all printed matter.
- (ix) Reduction in the consumption of stationery and forms.
- (x) Reduction in the distribution of Government publications.
- (xi) The improvement of the telephonic system in the Fort.
- (xii) The reduction wherever practicable of unnecessary work and waste motion.

He has also been employed in examining the question of the accommodation in Government offices with a view to the transfer, wherever practicable, to Government buildings of such offices as are in rented buildings in the Presidency town. This inquiry has been extended to the headquarters of districts.

He has also made a detailed inspection of the Surgeon-General's office and remodelled the system of work there, at the same time suggesting a reduction in the staff.

He has been in communication with heads of offices with a view to improving their systems of work and has in particular examined the system of record-keeping in the Public Works Department, which differs from that in other departments, and with this object has visited the offices of the Superintending Engineer, IV Circle, Coimbatore, and the Executive Engineer at that town.

(c) & (d) In the Secretariats he has suggested reductions which will amount to Rs. 30,026 per annum under recurring and Rs. 2,400 under non-recurring items. The reduction of staff in the Surgeon-General's office proposed by him will yield a total saving of Rs. 3,528 per annum, and as a result of the steps taken in regard to the accommodation of Government offices [clause (b) supra] the revenues of Government will be benefited to the extent of Rs. 21,000 per annum.

- (e) (i) Rupees 8,058-7-0 and Rs. 936-3-2 up to 31st October 1922, and
- (ii) Rupees 410-2-0 up to 31st October 1922.

The Mappilla rebellion in Malabar.

466 Q.—MR. A. D. M. BAVOTTI SAHIB: Will the hon. the Home Member be pleased to state—

(a) (1) the number of Mappillas killed by the rebels in the Mappilla rebellion in Malabar,

[14th November 1922]

- (2) the number of Hindus killed by them, especially women and children,
- (3) the number of Mappilla houses looted by them,
- (4) the number of Hindu houses looted by them,
- (5) the number of Mappilla houses burnt by them,
- (6) the number of Hindu houses burnt by them ;
- (b) (1) the number of Hindus arrested in the rebellion,
- (2) the number of Hindus acquitted after trial,
- (3) the number of Mappillas arrested,
- (4) the number of Mappillas acquitted after trial,
- (5) the number of Mappillas under trial ;
- (c) (1) the number of Mappilla houses destroyed by the Military and Police forces,
- (2) the number of Mappillas killed, especially women and children ;
- (d) the extent of the damage done to the property of the loyal Mappillas ;
- (e) (1) the strength of the Military and Police forces sent to the disturbed areas of Malabar,
- (2) the number of deaths and the number injured among them ; and
- (f) the expense the Government have incurred by the rebellion ?

A.—(a) The Government have no precise information and in the nature of the case can never expect to obtain it.

(b) The figures were roughly as follows up to the middle of September 1922 :—

(1) 205 ; (2) 25 ; (3) 11,990 ; (4) 123 ; (5) 3,150.

(c) (1) No figures are available.

(2) Roughly between 1,200 and 1,500. So far as the Government are aware about 12 women were accidentally killed, but no children.

(d) The Government have no reliable information.

(e) (1) The following Military units were at one time or another employed in Malabar :—

The Leinster, Suffolk and Dorset Regiments, the Queen's Bays, 2/8th and 2/9th Gurkhas, 1/39th Royal Garhwal Rifles, 3/70th Burma Rifles (Chin Kachin), 88rd Wallajabad Light Infantry and ancillary services, such as Sappers and Miners, Pioneers, Pack batteries, Armoured cars, Supply and Transport, Wireless Operators, Mechanical Transport and R.A.M.C.

It is impossible to give the total strength of the military forces as they were constantly varying. No police forces were sent to the area. The armed reserves at Calicut and Malappuram at the beginning of the outbreak were 210 strong and during the rebellion the force known as the Malabar Special Police was raised in the district and eventually reached a strength of 600.

(2) Military casualties were 24 killed and 103 wounded. The police casualties were 24 killed and 29 wounded.

14th November 1922]

- (f) The Government have no exact information; but apart from military expenditure and expenditure on jails and loans for the relief of distress, the total expenditure incurred actually in Malabar cannot be far short of ten lakhs.

Raising of the shutters over the Kistna anicut.

467 Q.—Rao Bahadur K. GOPALAKRISHNAYYA: Will the hon. the Law Member be pleased to state—

- (a) with regard to the raising of the shutters over the Kistna anicut, where exactly the matter now stands;
- (b) the reasons why the order for purchasing materials for the purpose has not yet been placed with any firm;
- (c) what the hindrance is to expediting this matter;
- (d) when the Government is likely to place the order for the required materials; and
- (e) when the work is likely to be begun?

A.—The attention of the hon. Member is drawn to the answer to question No. 31. The matter is still under correspondence.

Agricultural and industrial resources of Cuddapah.

468 Q.—Rai Bahadur T. M. NARASIMHACHARLU: Will the hon. the Minister for Development be pleased to state—

- (a) whether the Government are taking any steps to develop the agricultural or industrial resources of Cuddapah;
- (b) if so, what they are during the last five years; and
- (c) if not, whether the Government intend to take immediate steps for the purpose?

A.—(a), (b) & (c) Owing to lack of staff, the agricultural department has not been able to do any work in Cuddapah. The Deputy Director of Agriculture, III circle, has recently made a special tour in three taluks of the Cuddapah district, viz., Cuddapah, Rajampet and Proddatur, and submitted a detailed report indicating what can be done to improve the agriculture when staff and funds are available. He will visit the remaining taluks in December and January and submit a further report. When the whole report is received, the question of what can be done will be considered. In the meantime, arrangements have been made for demonstrations of economic planting of paddy and the use of bone-meal and oil-cake as manures and of the introduction of an improved strain of ragi round Cuddapah during the season. An agricultural demonstrator was posted to Cuddapah district in September 1922.

As to the steps taken by Government to develop the industrial resources of the district, the attention of the hon. Member is invited to the administration reports of the Industries Department for the last five years.

[14th November 1922]

Allotment of lands to Adi-Dravidas in the Ceded Districts.

469 Q.—Rai Bahadur T. M. NARASIMHACHARLU: Will the hon. the Home Member be pleased to state—

(a) whether the Government are taking any special steps to elevate and help the Adi-Dravidas and other depressed classes in the Ceded Districts; and

(b) whether the Government have allotted any lands to them and helped them with any loans or funds for improving their agriculture and cottage industries during 1920-21 and 1921-22?

A.—The answer is in the affirmative. Lands have been allotted in the last two years as detailed below :—

District.	1920-21.		1921-22.	
	Extent reserved.	Extent actually assigned.	Extent reserved.	Extent actually assigned.
	ACS.	ACS.	ACS.	ACS.
Anantapur	87,051-54	1,200-01	37,659-68	2,747-06
Bellary	18,107-45	1,290-63	7,630-50	500-24
Kurnool	44,623-00	1,595-00	7,115-00	1,315-00
Cuddapah	28,259-59	326-42	8,165-20	665-36

Sums have also been allotted for improving cottage industries during the current official year.

469 Q.—Rai Bahadur T. M. NARASIMHACHARLU:—“ May I know what sums have been allotted for the improvement of cottage industries? ”

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU :—“ I want notice of the question.”

Vellala representation in the Chingleput taluk board.

470 Q.—Rao Bahadur C. V. S. NARASIMHA RAJU: Will the hon. the Minister for Local Self-Government be pleased to state—

(1) whether it is a fact that Vellalas have got into the taluk board of Chingleput through election in a far larger proportion than the numerical strength of their community warrants; and

(2) whether it is true that in spite of the fact that the community has secured more than its adequate share of representation by election, members of the same community have also been nominated?

A.—Six Vellalas were returned at elections and three were nominated by the president, district board. There is no information as to the number of Vellalas living within the area of the Chingleput taluk board.

Introduction of free and compulsory education by local bodies.

471 Q.—Diwan Bahadur M. RAMACHANDRA RAO PANTULU: Will the hon. the Minister for Education be pleased to state—

(a) the local bodies in whose jurisdiction free and compulsory education has been already introduced up to date;

(b) the local bodies whose schemes for free and compulsory education are under the consideration of the Government; and

(c) the local bodies that have decided to levy the education cess under the Elementary Education Act, 1920?

14th November 1922]

4.—(a) Orders sanctioning the introduction of free and compulsory elementary education have issued in respect of the under-mentioned municipalities up to date:—

- | | |
|------------------|----------------------|
| (1) Negapatam. | (5) Erode. |
| (2) Kumbakonam. | (6) Tiruppur. |
| (3) Vellore. | (7) Tellicherry; and |
| (4) Conjeeveram. | (8) Tinnevely. |

(b) Municipal Council of Masulipatam and the Chatrapur union.

(c) A list is furnished:—

Taluk Boards.

- | | | |
|---------------------|--------------------|--------------------|
| (1) Tiruvallur. | (20) Ongole. | (39) Lalgudi. |
| (2) Saidapet. | (21) Markapur. | (40) Perambalur. |
| (3) Chingleput. | (22) Kurnool. | (41) Chicacole. |
| (4) Mangalore. | (23) Koilkuntla. | (42) Madura. |
| (5) Kasaragod. | (24) Cuddalore. | (43) Rajahmundry. |
| (6) Karkal. | (25) Penugonda. | (44) Chirakkal. |
| (7) Udipi. | (26) Usilampatti. | (45) Kottayam. |
| (8) Coondapoor. | (27) Chittoor. | (46) Kurumbranad. |
| (9) Uppinangadi. | (28) Tindivanam. | (47) Palghat. |
| (10) Chatrapur. | (29) Dindigul. | (48) Ernad. |
| (11) Goomsur. | (30) Sattenapalle. | (49) Walavanad. |
| (12) Berhampur. | (31) Madanapalle. | (50) Ponnani. |
| (13) Anantapur. | (32) Vizagapatam. | (51) Peddapur. |
| (14) Dharmavaram. | (33) Pithapuram. | (52) Tinnevely. |
| (15) Nandyal. | (34) Coimbatore. | (53) Rayachoti. |
| (16) Tanjore. | (35) Dhone. | (54) Pattukkottai. |
| (17) Chidambaram. | (36) Melur. | (55) Narasapatnam. |
| (18) Vriddhachalam. | (37) Tirukkoyilur. | |
| (19) Guntur. | (38) Ramnad. | |

The District Board of the Nilgiris.

Municipalities.

- | | | |
|---------------------|----------------|-----------------------|
| (1) Chingleput. | (7) Vellore. | (13) Tellicherry. |
| (2) Conjeeveram. | (8) Saidapet. | (14) Ongole. |
| (3) Chicacole. | (9) Chittoor. | (15) Tinnevely. |
| (4) Coimbatore. | (10) Hindupur. | (16) Masulipatam. |
| * T (5) Kumbakonam. | (11) Erode. | † (17) Corporation of |
| * T (6) Negapatam. | (12) Tiruppur. | Madras. |

* The proposal of the Chicacole Municipal Council to levy the tax has been negated by Government.

† The levy of the tax by the Corporation of Madras has been ordered to be deferred.

Elections to the Bezwada municipality.

472 Q.—Mr. C. RAMALINGA REDDI: Will the hon. the Minister for Local Self-Government be pleased to state—

(a) whether any and if so, how many Government Orders were issued by the Government notifying that elections should be held under the new Act in the Bezwada municipality; and on what dates the Government Orders were issued;

[14th November 1922]

(b) why, if such Government Orders were issued, they were not complied with; and whether the Government will place all the correspondence on the subject on the table;

(c) what the reason was for postponing the elections in Bezwada municipality for such a long time;

(d) whether the Municipal Council of Bezwada passed a resolution that another chairman should be appointed for the purpose of holding elections; if so, what action was taken by the Government on that resolution;

(e) whether the Chairman delegated his powers to Mr. M. Seshagiri Rao Nayudu to hold elections for III, IV and X wards;

(f) whether the said delegate Chairman opened the ballot boxes of X and IV wards and declared the results;

(g) whether the present Chairman opened the ballot box of the III ward and he was not a candidate for that ward;

(h) whether the Chairman made a reference to the Government about the validity of a certain number of votes recorded in the III ward and, if so, what their decision was;

(i) whether the Chairman before making reference to the Government counted all the votes recorded in the III ward without recording then and there on any of the ballot papers that they were invalid as the counting went on, as required by the rules;

(j) whether it is a fact that the new Council has not yet been constituted and the date of the election of the Chairman is not as yet notified; and

(k) whether the Government will be pleased to lay all the papers concerning it on the table?

A.—(a) The Government issued six Government Orders on the following dates:—22nd January 1921, 2nd March 1921, 30th April 1921, 4th August 1921, 24th January 1922 and 9th February 1922.

(b) & (c) The hon. Member's attention is invited to answer to question No. 1309-A at the meeting of the Legislative Council of the 18th February 1922. The Government do not consider that the laying of all the correspondence on the table will serve any useful purpose.

(d) The answer is in the affirmative; the Council was informed that as a chairman was available for conducting elections, the Government had no power to appoint a chairman for the purpose.

(e), (f) & (i) The Government have no information.

(g) The answer is in the affirmative; the Government understand that the Chairman stood as a candidate for the III ward, but that he subsequently withdrew his candidature.

(h) The answer is in the affirmative; the Chairman was directed to declare at once the results of the election for the ward with reference to the votes that he considered valid.

(j) & (k) The answer is in the affirmative; the new Council will elect its chairman as soon as it is reconstituted. The Government do not consider that any useful purpose will be served by placing the papers on the table.

14th November 1922]

The Russellkonda Saw Mills.

473 Q.—Sriman SASIBHUSHAN RATH Mahasayo: Will the hon. the Home Member be pleased—

(1) to state:

(a) the quantity of timber in cubic feet which was operated on at the Russellkonda Saw Mills from the date of commencement of the mills till the end of September 1922, and the cost thereof;

(b) the quantity in cubic feet of timber turned out as finished product from out of the timber mentioned in (a), and the estimated or realized cost thereof;

(c) the establishment charges and other working expenses for producing the quantity referred to in (b);

(2) to furnish a classified list of articles produced from the mills, and to state whether such articles were produced with reference to any orders previously placed or demands previously made; and

(3) to state, if any, the sources of demand for timber produced in the mills, and to classify the demand as follows:—

(1) from Government;

(2) from private agencies;

(3) from the Madras Presidency; and

(4) from outside?

A.—(1) (a) 51,542 cubic feet, including sawings, before the completion of the mill.

(b) 15,150 cubic feet at an approximate cost of Rs. 45,655.

(c) Rs. 31,178.

(2) No articles, with the exception of a few saw guards and other mill necessities, have been produced. The timber has been sawn into scantlings.

(3) Demands for sawn timber have been made from the four sources mentioned.

Salt inspector of the Ganjam Circle.

474 Q.—Sriman SASIBHUSHAN RATH Mahasayo: Will the hon. the Member for Finance be pleased to state—

(1) whether it is a fact that the present salt inspector in charge of Ganjam circle had already served in that circle for about five seasons from 1915 to 1920;

(2) whether, in the year 1918, certain abandoned pans in the said Ganjam circle were worked under *amani* and that resulted in loss to Government; if so, at whose instance the work was undertaken;

(3) whether, in working these abandoned pans, regular musters were maintained and vouchers secured for paying the *coolies* and for incurring expenditure for stores;

(4) whether any complaints were received from *coolies* about non-receipt of their wages in connexion with the said *amani* work;

(5) whether it is a fact that in the year 1918-19 the salt inspector held auctions at Humma for inland and home salt on one and the same day, and whether such action by the salt inspector was likely to favour the home-salt merchants and affect the interests of the inland-salt merchants prejudicially;

(6) whether it is a fact that the salt inspector was transferred to Calingapatam circle in 1920;

[14th November 1922]

(7) whether, upon such transfer, he took long leave and extended such leave three or four times to avoid transfers elsewhere and eventually succeeded to get back to the same old Ganjam circle where he is now working;

(8) what special circumstances induced the Government to post him to a circle where he had already served sufficiently long; and

(9) whether his transfer from that circle is contemplated?

A.—(1) The officer in question was in charge of the circle for the seasons of 1916, 1917, 1918 and 1919.

(2) (a) The answer is in the affirmative.

(b) The work was part of a general effort to increase the output of salt.

(3) Yes, in the majority of cases.

(4) The answer is in the negative.

(5) The Government have no information.

(6) The answer is in the negative; the officer was transferred in the year 1919.

(7) The Member is misinformed; the officer in question was for a year at Calingapatam when he took leave, and was compelled to extend it on the ground of ill-health.

(8) The officer was posted to a circle with which he was acquainted and in which there was a vacancy.

(9) The posting of inspectors is in the hands of the Board of Revenue.

Delay in the delivery of telegrams in Cuddalore New Town.

475 Q.—MR. R. SRINIVASA AYYANGAR: Will the hon. the Member for Finance be pleased to state whether the Government are aware that telegrams despatched to Cuddalore New Town are received in the New Town railway station and sent to the addressees by post instead of by messengers, so that they reach the addressees only a day after that of receipt in the said telegraph office, thus defeating the object of sending messages?

A.—Orders have been issued to treat all messages addressed to Cuddalore New Town as if addressed to Cuddalore.

Newspapers in the Presidency.

476 Q.—MR. C. V. VENKATARAMANA AYYANGAR: Will the hon. the Member for Finance be pleased to state the number of copies of each daily newspaper in the Presidency which is subscribed for by Government for the use of the Secretariat?

A.—The numbers are as follows:—

"Daily Express"	..	..	..	..	..	1
"Hindu"	..	..	..	..	..	5
"Justice"	..	..	..	..	..	4
"Madras Mail"	..	..	..	..	..	7
"New India"	..	..	..	..	..	2
"Swarajya"	..	..	..	..	..	1

14th November 1922]

APPENDIX

[Vide answer to question No. 464 asked by Rao Bahadur V. Appaswami Vandayar at the meeting of the Legislative Council held on the 14th November 1922, page 606 supra.]

Administration reports of District Boards—1920-21.

Serial number and name of district board.	Government Order and date.	1922.
1. Anantapur ..	762, L. & M.,	27th April.
2. Arcot, North.	917 ..	22nd May.
3. Arcot, South.	757 ..	27th April.
4. Bellary ..	769 ..	1st May.
5. Chingleput ..	838 ..	11th May.
6. Chittoor ..	756 ..	27th April.
7. Coimbatore ..	928 ..	25th May.
8. Cuddapah ..	768 ..	1st May.
9. Ganjam ..	749 ..	26th April.
10. Godavari ..	755 ..	"
11. Guntur ..	889 ..	19th May.
12. South Kanara.	721 ..	24th April.
13. Kistna ..	761 ..	27th April.
14. Kurnool ..	873 ..	16th May.
15. Madura ..	876 ..	17th May.
16. Malabar ..	763 ..	27th April.
17. Nellore ..	800-A ..	8th May.
18. Nilgiris, The.	753 ..	26th April.
19. Ramnad ..	754 ..	"
20. Salem ..	691 ..	8th April.
21. Tanjore ..	877 ..	17th May.
22. Tinnevely ..	722 ..	24th April.
23. Trichinopoly.	892 ..	20th May.
24. Vizagapatam.	814 ..	9th May.

Administration reports of Municipal Councils—1921-22.

Serial number and name of municipality.	Government Order and date.	1922.
1. Tenali ..	1853, L. & M.,	7th Oct.
2. Vizianagram..	1854 ..	"
3. Coonoor ..	1855 ..	"
4. Proddatur ..	1856 ..	"
5. Tinnevely ..	1857 ..	"
6. Berhampur ..	1858 ..	"
7. Palghat ..	1859 ..	"
8. Kodaikanal ..	1860 ..	"
9. Erode ..	1867 ..	10th Oct.
10. Chittoor ..	1868 ..	"
11. Cuddalore ..	1869 ..	"
12. Trichinopoly.	1870 ..	"
13. Tirupati ..	1871 ..	"
14. Chingleput ..	1910 ..	12th Oct.
15. Hospet ..	1932 ..	13th Oct.
16. Tadpatri ..	1933 ..	"
17. Bellary ..	1969 ..	17th Oct.
18. Guntur ..	1970 ..	"
19. Chicacole ..	1971 ..	"
20. Ootacamund ..	1972 ..	"
21. Nellore ..	1973 ..	"

Administration reports of Municipal Councils—1920-21.

Serial number and name of municipality.	Government Order and date.	1922.	Serial number and name of municipality.	Government Order and date.	1922.
1. Anantapur ..	589-A, L. & M.,	28th Mar.	23. Erode ..	26, L. & M.,	4th Jan.
2. Hindupur ..	109 ..	18th Jan.	24. Pellachi ..	2197 ..	5th Nov. *
3. Tadpatri ..	155 ..	23rd Jan.	25. Tiruppur ..	2326-A ..	28th Nov. *
4. Gudiyattam ..	252 ..	6th Feb.	26. Udamalpet ..	544-A ..	21st Mar..
5. Tirupattur ..	770 ..	2nd May.	27. Cuddapah ..	713 ..	22nd Apr.
6. Tiruvannamalai.	628 ..	31st Mar.	28. Proddatur ..	627 ..	31st Mar.
7. Vaniyambadi.	572-A ..	25th Mar.	29. Berhampur ..	2307 ..	24th Nov. *
8. Vellore ..	114 ..	19th Jan.	30. Chicacole ..	630 ..	31st Mar.
9. Walajapet ..	210 ..	31st Jan.	31. Parlakimedi ..	47-A ..	4th Jan.
10. Chidambaram.	19-A ..	3rd Jan.	32. Cocanada ..	758 ..	27th Apr.
11. Cuddalore ..	50-A ..	5th Jan.	33. Peddapuram ..	632 ..	31st Mar.
12. Villupuram ..	33 ..	4th Jan.	34. Rajahmundry.	631 ..	"
13. Adoni ..	614-A ..	31st Mar.	35. Chirala ..	2289 ..	19th Nov. *
14. Bellary ..	442-A ..	7th Mar.	36. Guntur ..	607-A ..	31st Mar.
15. Hospet ..	608-A ..	31st Mar.	37. Narasaraopet.	629 ..	"
16. Chingleput ..	47 ..	4th Jan.	38. Ongole ..	606-A ..	"
17. Conjeeveram.	493 ..	4th Jan.	39. Repalle ..	590-A ..	28th Mar.
18. Saidapet ..	(Newly constituted).		40. Tenali ..	250 ..	6th Feb.
19. Chittoor ..	544, L. & M.,	21st Mar.	41. Mangalore ..	597 ..	31st Mar.
20. Tirupati ..	554 ..	22nd Mar.	42. Bezavada ..	585-A ..	27th Mar.
21. Coimbatore ..	477 ..	13th Mar.	43. Ellore ..	633 ..	31st Mar.
22. Dharapuram ..	609-A ..	31st Mar.	44. Masulipatam..	748 ..	26th Apr.
			45. Palacole ..	620-A ..	31st Mar.

[14th November 1922]

Administration reports of Municipal Councils—1920-21—cont.

Serial number and name of municipality.	Government Order and date.	Serial number and name of municipality.	Government Order and date.
	1922.		1922.
46. Kurnool ..	543, L. & M., 21st Mar.	64. Virudupatti ..	263, L. & M., 9th Feb.
47. Nandyal ..	251 „ 6th Feb.	65. Salem ..	430-A „ 6th Mar.
48. Bodinayakanur.	101 „ 12th Jan.	66. Kumbakonam.	561 „ 23rd Mar.
49. Dindigul ..	208 „ 31st Jan.	67. Mannargudi ..	586-A „ 27th Mar.
50. Kodsikanal ..	107 „ 12th Jan.	68. Mayavaram ..	747 „ 26th Apr.
51. Madura ..	766-A „ 28th Apr.	69. Negapatam ..	201 „ 30th Jan.
52. Palni ..	469 „ 11th Mar.	70. Tenjore ..	654 „ 5th Apr.
53. Periyakulam..	536 „ 21st Mar.	71. Tiruvalur ..	445-A „ 7th Mar.
54. Calicut ..	565-A „ 24th Mar.	72. Palamcottah ..	580-A „ 27th Mar.
55. Cannanore ..	32 „ 3rd Jan.	73. Tinnevely ..	202 „ 30th Jan.
56. Cochin ..	435 „ 6th Feb.	74. Tuticorin ..	497 „ 14th Mar.
57. Palghat ..	598 „ 31st Mar.	75. Srirangam ..	25 „ 4th Jan.
58. Tellicherry ..	461 „ 10th Mar.	76. Karur ..	766 „ 28th Apr.
59. Nellore ..	545 „ 21st Mar.	77. Trichinopoly.	504 „ 15th Mar.
60. Coonoor ..	535 „ 20th Mar.	78. Anakapalle ..	542 „ 21st Mar.
61. Ootacamund ..	212 „ 31st Jan.	79. Bimlipatam ..	361 „ 22nd Feb.
62. Sivakasi ..	2327 „ 28th Nov.	80. Vizagapatam ..	211 „ 31st Mar.
63. Srivilliputtur.	626 „ 31st Mar.	81. Vizianagram ..	506-A „ 15th Mar.

* 1921.

III

A BILL TO AMEND THE MADRAS PORT TRUST ACT, 1905—cont.

The hon. Sir CHARLES TODHUNTER:—“Mr. President, you were good enough to advise us yesterday to take this Bill back for full scrutiny and not to bring it before the Council again until next month. I should have been very glad, Sir, to avail myself of that advice had only circumstances permitted me to do so. There is this difficulty, however. The Madras Port Trust are anxious to raise a loan at a very early date, and one of the conditions necessary to the raising of that loan is the power to issue bearer-bonds. We want to be able to assure the people that have been in correspondence with them that they have that power. If we pass this Bill, then they will have that assurance. If we have to wait, that may interfere with the raising of the loan, which they want to take as an immediate matter.

“At the same time, the amendments which were passed yesterday have produced a situation which requires further consultation with the Select Committee. The maximum number of members of the Port Trust is fixed at 15. The minimum has been raised by the amendments moved yesterday to 11, and two new elective members have been provided for. We actually have at the present moment 14 members and if we add two more we shall be exceeding the maximum. That raises a question of substance, and I do not think it is desirable that the Government should dispose of that without further consultation with the Select Committee. Standing Order No. 44 provides for a Bill being referred back to the Select Committee, but I am afraid, hardly in the circumstances which at present have arisen. I would, however, ask your permission, Sir, to take this Bill back for reconsideration informally by the Select Committee and to bring it up again on or before the 17th instant for final consideration.”

Diwan Bahadur M. RAMACHANDRA RAO PANTULU:—“I am afraid that such a procedure is not permitted under our rules. So far as our rules are concerned, it is open to my hon. friend to take time to summon the

14th November 1922]

[Mr. M. Ramachandra Rao Pantulu]

members of the Select Committee informally and consult them. There need not be any presentation of another report. Technically it would not be in accordance with our procedure to ask for leave to summon the Select Committee."

The hon. Sir CHARLES TODHUNTER:—"I quite agree with the hon. Member as regards the technical point. I was only explaining to the House that we wished to consult the Select Committee in the circumstances arising out of the amendment."

The hon. the PRESIDENT:—"The hon. the Law Member wanted to move certain verbal amendments."

The hon. Sir CHARLES TODHUNTER:—"I wish to consult the Select Committee before bringing these amendments to the Council. With your permission, Sir, I move that the Bill be postponed for further consideration to the 17th."

The hon. Mr. K. SRINIVASA AYYANGAR seconded the motion.

The hon. the PRESIDENT:—"Before I put the motion to vote I should like to know if the hon. Member has quite realized that on that day we would have to take up clause 5 and then as soon as that is passed, a motion would be made for the passing of the Bill into law."

The hon. Mr. K. SRINIVASA AYYANGAR:—"Owing to the increase in the number of members, some consequential amendments are required. On consideration, I find that a transitory provision also would be required for the purpose of enabling the two new associations to elect members at once. So I wish to propose a transitory provision to that effect. That is why I want to consult the Select Committee, so that they may give their advice in the matter of the raising of the maximum and for the purpose of working out some of the other provisions. It is only with reference to clause 5 and the giving effect to the transitory provisions that I want the Select Committee to meet."

The hon. the PRESIDENT:—"The meeting of the Select Committee is quite an informal affair and we need not take any notice of it. We will take up clause 5 and the transitory provisions on the adjourned date. If that is done, any member will be entitled to object to the Bill being passed into law on that date. Then the hon. Member will find himself landed in the difficulty of not having the Bill passed into law for the purpose of raising the loan. I trust the hon. Member realizes that. I only mention this so that there may be no ambiguity."

The further consideration of the Bill was, with the permission of the Council, adjourned to the 17th November.

IV

A BILL TO REGULATE STATE AID TO INDUSTRIES, 1922.

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU:—"Mr. President, I beg to introduce the Madras State Aid to Industries Bill. The scope and purpose of the Bill are accurately and fully set out in the statement of objects and reasons which has been published nearly three months ago.

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[Mr. K. Venkatarreddi Nayudu]

[14th November 1922]

Briefly stated, the Bill is intended to assist the establishment and development of industries that have an important bearing on the economic development of this province. These are set forth in clause 4 of the Bill—

- (a) new or nascent industries,
- (b) industries to be newly introduced into areas where such industries are undeveloped, and
- (c) cottage industries.

“ These, it will be noticed, cover a fairly large area.

“ The various forms which State aid may take are mentioned in clause 5 of the Bill. They are divisible into five main heads :—

- (1) Loans,
- (2) Subsidies for machinery and for research,
- (3) Investment in shares and in debentures,
- (4) Guarantees for a minimum return on capital and for the due discharge of cash credits, overdrafts or advances, and
- (5) Concessions in the grant of land, in the supply of raw material, firewood and water being properties of Government.

“ Provision is made for the constitution of a statutory board of industries. The official members of this board shall not exceed one-third of the total number, while some of the non-official members will be elected by recognized banking, industrial and commercial organizations. The functions of the board will no doubt be advisory, though that advice will necessarily carry great weight. The rest of the clauses deal mostly with matters of procedure, such as the form of applications for State aid, the manner of dealing with them, the process of recovery of money due and the extent of loans and other kind of State aids to be granted. Provision is also made for inspecting the premises, buildings, plants or stock-in-hand of the industrial business assisted and the accounts thereof and for obtaining, if desired, returns of accounts. In the case of comparatively large concerns, the Bill provides for the exercise of control by the appointment of government directors or otherwise. In order to render the working of the Act as flexible as possible, it has also been deemed desirable to reserve to Government adequate powers to regulate various matters by means of statutory rules to be made under it. This, in short, is the gist of the Bill.

“ I presume it does not require much persuasion from me to commend this Bill for the acceptance of the House. That Madras is not wanting in the factors that make for industrial progress is an admitted fact. We have an abundance of raw material in this province. Our enormous exports in raw skins and hides, oil-seeds and raw cotton are enough proof of it, if proof were wanted. We have plenty of labour and very cheap labour too. We have enough capital in the country though unfortunately at present it has not been forthcoming for industrial purposes. Want of mutual confidence alone is responsible for this situation. This Bill is an earnest endeavour to create this confidence so very essential for concerted action without which organized industrial enterprise is an impossibility. Experience has shown that any enterprise is bound to command confidence, if only Government are known to be behind such enterprise. The remarkable success which the co-operative movement has achieved during the short period since its inauguration is a direct piece of evidence of what a consciousness of Government support, Government supervision, yea, even Government control can do in creating public confidence in this country.

14th November 1922] [Mr. K. Venkatarreddi Nayudu]

11-15 a.m. “According to the school of economics which held sway in England for a very long period, restrictive duties, prohibitions, bounties, or any other Acts by which legislatures should endeavour to direct industries into particular channels are all condemned. The leaders of the school believed that the natural effort of each man to improve his own position was the mainspring of national progress. According to them, every nation and every individual is directly interested in the prosperity of others. In other words, the widest possible latitude should be given to industry and competition. Consequently they held that Government should not interfere in these matters. The functions of the Government should be limited to (1) defence against external invasion, (2) protection of person and property of individuals, and (3) the creation and maintenance of certain institutions of public utility of such a nature that individuals or groups of individuals are not interested in establishing or maintaining. Burke spoke of the restless desire of governing too much. The works of such great writers as Prie, Godwin, Hume, Tucker and Adam Smith are all in a similar strain, one of them being described as one long indictment against Government interference with industry in the form either of restrictions or of encouragement. The Great War, however, compelled a change in these theories. Witness, for instance, the Government of Great Britain holding £1,700,000 worth of shares in the British Dyes, Limited, and their purchasing of debentures to the value of £33,000 in the Munster Flax Development Company, Limited, and their undertaking to subscribe for 250,000 shares out of 500,000 shares of £1 each in the Home Grown Sugar Company, Limited, not to mention their safeguarding of Industries Act. Amongst the many chastening effects of the Great War not the least significant is the new conception of the duties of a State, so different from the accepted canons of orthodox British economics propounded with such vigour by the writers just spoken of. This wholesome change has at last brought the British Government into line with several other progressive States, such as United States and Japan, who have long been alive to the duty of the State directly to foster industries. But even before the war broke out, the answer to this old school of economics was well given by the historian Lecky in his ‘History of England’, in the telling words: “when there is a large, intelligent and energetic middle class, when the spirit of speculation is strongly developed, when there is a high standard of public spirit and when wealth is so agglomerated that there are many persons who possess either habitually or occasionally incomes much larger than their wants, a crowd of enterprises will be undertaken which are of the highest value to the community, but which only offer to the investor the prospect of doubtful, small or postponed returns. In countries where these conditions do not exist, such works will never be undertaken without the initiative and support of the Government”. It does not need any strong imagination to read in Lecky’s words the striking contrast between the economic condition of England and of India and it would be difficult to improve upon his language in enunciating the different policies which the Governments of the two countries would be expected to adopt as regards their industrial development. But naturally, if unfortunately, the theories and doctrines of economics of England always had their reflection in India and for a long time it was counted heresy in this land also for a Government to undertake the work of developing the industries of the country. Government activities in such directions were considered as a serious menace to private enterprise. At the beginning of this century, however, encouraged and assisted

[Mr. K. Venkatareddi Nayudu]

[14th November 1922]

by energetic and enthusiastic officers of great eminence like Sir Frederic Nicholson and Sir Alfred Chatterton, the Madras Government made a departure from the path and step by step they committed themselves to an increasingly active policy for the promotion of industries. Fisheries were developed, the fish-canning industry was started and every attempt made to place the fish-curing industry on a scientific basis. The fly-shuttle was introduced and hand-loom weaving improved. The system of chrome-tanning was established and very soon Madras chrome leather became fairly well known. The history of the development of the aluminium industry in this province is familiar to this province—a development of which any State can legitimately be proud. The co-operative movement was inaugurated and the problem of supplying cheap credit to the ryot has been almost solved. Well irrigation was encouraged in upland areas and the pumping and boring department is a distinct factor of Madras industrial development. An organization was brought into existence in order to facilitate the purchase and erection of power-driven machinery and plant. Under the auspices of the Government an Industrial Conference was held at Ootacamund in the year 1908 and a special officer was appointed under the Director of Industries to control pioneer industries and to organize a bureau of industrial information and industrial museum in pursuance of the recommendations thereof. Unfortunately, however, in 1910, Lord Morley, the then Secretary of State for India, who, inured to the current western modes of thought, doubted the possibility of planting Parliamentary institutions in an oriental country like India, also discountenanced the early attempts of the Government of Madras in their industrial enterprise. All that he was prepared to approve of was that State funds might be expended upon familiarizing people with such improvements in the methods of production as modern science and practice of European countries could suggest. Further than this, he laid down the State should not go. Lord Crew, his successor as Secretary of State for India, was more or less of the same opinion though he relaxed the restrictions of Government interference to a slight extent. He said, he interpreted Lord Morley's Despatch in a wider sense and observed that it need not confine instructions solely to industrial schools but that he would allow such instruction to be supplemented by practical training in workshops. He had no objection to the purchase and maintenance of experimental plant for purposes of demonstrating the advantages of improved machinery or new processes and for ascertaining the data of production. He was prepared to sanction the formation of the Department of Industries, and he defined the functions of the Director of Industries—functions which did not take one much farther than Lord Morley's Despatch. Meanwhile the war broke out and Madras, like other provinces in India, was called upon to supply manufactured articles. There was also a relaxation of foreign competition. A splendid opportunity thus offered itself for starting new industries and developing existing ones for which all the necessary elements were available. The manufacture of glass, paper, and pencils and the milling of oil-seeds were attempted. But the assistance which the Government of Madras could nerve itself for the development of these industries was far too little for the purpose in view, as it was always shadowed by the fear that the powers above would condemn its policy as contravening their orders and opposed to the recognized principles of economics. The glass factory proved a failure. The pencil factory was sold and oil-milling was abandoned as the machinery never arrived. The part

14th November 1922] [Mr. K. Venkatareddi Nayudu]

which India played in the Great War from an industrial point of view is well described in a recent speech delivered by Lord Chelmsford at Geneva. No one was better qualified than that great ruler of this land to give adequate expression to the immense industrial potentialities of this country. I do not propose to repeat what he said there, but I may observe that, even after Lord Crew's Despatch, Lord Chelmsford's Government seemed to be uncertain as to how far they would be justified in sanctioning proposals for demonstration, plant, financial assistance and other forms of State aid to industries. This attitude of the Government of India did not satisfy the people of this great land and the reversal of Lord Morley's policy was frequently demanded. The example of Japan, whose industrial progress to a very striking degree has been compressed into a comparatively short space of time and whose imports into this country have in recent years so rapidly increased as to arrest attention, was cited as an authority for what could actually be achieved with State aid. Constant appeals were accordingly made for Government interference. This insistent demand, together with the chastening lessons which the Great War alone could teach, induced Lord Chelmsford's Government to appoint the Indian Industrial Commission with Sir Thomas Holland at its head. This was in 1916. Then followed the visit of Mr. Montagu, the Secretary of State for India, and the famous Joint Report was issued in 1918. The well-known passages in the report under the heading of Industries and Tariffs will always be cherished by Indians as their new gospel. If time was available and if it were necessary, I should quote numerous passages therefrom to prove the need for a Bill of this kind. But suffice it to say that the illustrious joint authors not only drew pointed attention to the weakness of India's economic position, but also enunciated far-reaching principles which are followed throughout this Bill. They considered that military, economic and political considerations made it imperative that State should contribute to the industrial regeneration of the nation. They recognized that India had great natural resources, mineral and vegetable, and declared that—

They were assured that Indian capital would be forthcoming once it was realized that it would be invested with security and profit to India.

"After noting that there were serious difficulties in the way, they pointed out—

Though these are serious difficulties they are not insuperable, but they will be overcome only if the State comes forward boldly as guide and helper.

"Again—

India will certainly consider herself entitled to claim all the help that the Government can give her to enable her to take her place as a manufacturing country.

"Finally they said :

On all grounds a forward policy in industrial development is urgently called for, not merely to give India economic stability, but in order to satisfy the aspirations of her people who desire to see her stand before the world as well-poised, up-to-date country, in order to provide an outlet for the energies of her young men who are otherwise drawn exclusively to Government service or to a few over-staffed professions, in order that money now lying unproductive may be applied to the whole community and, in order that the too speculative and literary tendencies of Indian thought may be bent to more practical ends and that the people may be better qualified to shoulder the new responsibilities which the new constitution will lay upon them.

"It may gratefully be acknowledged that the present Bill draws its inspiration from sentiments so nobly and so generously expressed. Now that

[Mr. K. Venkatarreddi Nayudu] [14th November 1922]

the new constitution has come into operation and the new responsibilities have been reposed on us, it is for us to shoulder that responsibility and perform our part of the task and thus supply the demand so forcibly urged by those two great sons of India and clear up to an appreciable extent the heavy arrears of a great national duty. The present Bill, it is submitted, is an honest attempt in that direction. It may incidentally be mentioned that this Bill conforms, except in one or two matters, to the recommendations of the Indian Industrial Commission whose valuable report was published soon after that epoch-making document from which I have just quoted those inspiring words.

"I may fittingly conclude with a grateful reference to what His Royal Highness the Prince of Wales was pleased to say at the Guild Hall meeting convened in honour of his recent visit to India. Said His Royal Highness:

I see no reason why India should not become a manufacturing as well as a commercial country. Provision is required for energy and youth of India who must learn to regard business and commerce as an honourable profession. It is to the industries of India that has untold possibilities of development that I look for the moral and material development of India that we wish for the people of that great land.

"May I in all humility entertain the hope that this Bill, when passed into law, will, to its own modest extent, prove an instrument for the realization of those untold possibilities of development upon which His Royal Highness has so graciously pronounced his high-souled benediction."

The hon. Rao Bahadur A. P. PATRO seconded the motion.

Diwan Bahadur M. KRISHNAN NAYAR:—"Sir, I rise to support the principle of this Bill. I think the Bill has been conceived on very sound lines. In countries like England where the people are rich and where they have plenty of surplus cash, it is not necessary that the State should come forward to assist industrial enterprises; but it is not so in a poor country like India. Here, from time immemorial, people have been investing their surplus cash, if they had any, on land, and even in modern times there is no appreciable tendency to invest money, even if they have money, on industrial enterprises. It is also seen from experience that if the Government patronise and support any particular enterprise, people are ready to support it too. Then, again, practically there is no taste for industrial enterprises in this country, particularly modern industrial enterprises on a large and extensive scale. There is no industrial education, and it is a notorious fact that all the education we have has been running in channels of purely literary merit. Again, in order that modern industrial enterprise may flourish, it is very necessary that people should have confidence in one another. It is not possible for individuals, however rich they may be, to start costly industrial enterprises. It is necessary, therefore, that money should be raised on the basis of joint-stock companies, and for this, people should have confidence in such joint-stock companies. Unfortunately, some companies have been started in India and particularly in our presidency, and, for one reason or another, have come to grief with the result that people have lost even that confidence which they had before. For these reasons, it is very essential that the State should come forward to support industrial undertakings, and when people begin to know that any particular industrial undertaking has behind it the sympathy and support of the Government, it should certainly succeed.

11-30 a.m.

14th November 1922] [Mr. M. Krishnan Nayar]

"Then, if we go into the particular principles which are introduced in some of the sections of this Bill, I think there also the Bill runs on sound lines. It is stated that Government aid will be given in the form of raw products which are the property of the Government, and also in the shape of financial aid. I think that by way of grant of raw products, Government can do a great deal. For instance, power is necessary to drive machines, and this can be done either by water-power or electricity which latter can be generated by water; and in this country water in the rivers belongs to the Government; so that by enabling some companies or individuals to utilize water either for the purpose of driving the machinery or for the purpose of generating electricity which will in its turn drive machinery, Government can help a great deal. Then, again, with reference to the paper industry—there is a paper mill at Punaloor—bamboo pulp and sometimes wood pulp taken from trees are essential for that industry; and the State can do a great deal by granting this wood pulp or bamboo pulp which are raw products. Then, if match industry is established in this presidency Government can do a great deal in encouraging it by granting soft wood which is very necessary for the manufacture of matches. Taking again the silk industry, sericulture may be encouraged by the State. For instance, Government can plant mulberry plants and grant cuttings of those plants to persons who are in want of them. Thus the aid which the State proposes to render by way of granting raw materials is very necessary.

"With reference to financial aid, another feature of this Bill, that also, I submit, is conceived on very sound lines. The Bill provides for the grant of financial aid in various ways—by grant of loans, by grant of subsidies, by taking shares in companies and by guaranteeing a minimum return, and in other ways. Sufficient safeguards are also provided in the Bill for protecting the interest of the Government in the matter of moneys that are advanced. In the first place, money could be advanced either by way of subsidies or by way of loans, or in other ways only as advised by a particular board, and, though it is only an advice which the board gives, yet, as the hon. the Minister stated, that advice must necessarily carry a great weight. Again, provision has been made in the Bill for enabling the Government to obtain returns of stock-in-hand by compelling persons in charge of industrial enterprises to submit these returns and when large amounts are advanced by Government, care is also taken for the employment of control by Directors appointed by Government. Then there are constant inspections of the premises and the machinery. Security can also be taken for the moneys advanced, and moneys that have been advanced can be recovered as arrears of land revenue. These, I think, are very sound provisions which will enable the Government to realize the money advanced by them and which will also minimise the risks. Of course, in some cases, there may be the possibility of risk being run and money being lost, whatever may be the precautions taken by the Government as provided for in this Bill. But it is inevitable and, without such risks being undertaken, it is not possible to encourage industries particularly on a large scale. I believe, Sir, that ultimately when this measure goes to the Select Committee and becomes law, it will be a great incentive for industrial enterprises and will be a blessing to the country at large. With these few words, I have great pleasure in supporting the introduction of this Bill."

[14th November 1922]

Khan Bahadur MUHAMMAD SADULLA BADSHA SAHIB :—"Sir, I rise to support the introduction of this Bill. There was a time when it was thought that Government should not take up industries and spend money on their developments and that they must be left only to private enterprise. Even when Local Governments were anxious to set an example by taking in their hands the development of certain industries, higher authorities were not inclined to support them. We know that the Madras Government have taken a kindly interest in the matter of the development of the aluminium industry some years ago and started the manufacture of aluminium articles in the School of Arts under the guidance and control of Mr. Alfred Chatterton. But some people seriously questioned the desirability of the Government interference and competition with private enterprise. We have also heard how one of the Secretaries of State for India threw overboard the suggestion that Indian Government and especially provincial Governments should come up to help industries as far as possible in their provinces and said that Government should not undertake to help any such industrial enterprise and also should not take up any industrial concern and that everything should be left only to private enterprise. But the time has changed. The angle of vision of statesmen has changed. Now everybody wants that the State should come forward to set an example to the capitalists in the matter of starting and controlling industries which may be a great source of revenue to the State and also render aid to industries started by private firms, or public bodies or individuals. As observed by the hon. Minister for Development the other day when he addressed a public meeting under the auspices of the Madras Economic Association, one will find that the provisions in the Bill now proposed to be introduced are based on the recommendations contained in the Industrial Commission Report.

"The Bill confines itself to a few important forms of State aid, such as loans, subsidies, investment of Government funds in the shares of a company or purchase of debentures of an industrial concern and a system of guarantees for a minimum return on the paid-up capital of the concern and the free gift of the properties of Government, such as Government forest produce, raw materials for the use of any industry. Unless such aids are given, it is not possible to encourage the growth of industries in this presidency where capital is fighting shy and would not come in for investment freely and spontaneously.

"The provisions in the Bill regarding the guidance and control of industrial concerns and other matters referred to in the Bill will no doubt be subject to a closer scrutiny in the Select Committee. I, as a business man, am glad to support its introduction now. I hope the Bill when it is passed will be of real use to the growth of several useful industries in the presidency contributing to the wealth of the people of this presidency and increased prosperity to the State and the people.

"I would only draw attention to the speech made by His Royal Highness the Prince of Wales the other day in the Guild Hall and which was referred to now by the hon. Minister for Development—where His Royal Highness observed as follows :

I see no reason why India should not become a manufacturing as well as an agricultural country. Provision is required for energy and youth of India who must learn to regard business and commerce as an honourable profession. It is to the industries of India with its untold possibilities of development that I should look for the moral and material progress that we wish for the people of that great land.

14th November 1922] [Mr. Muhammad Sadulla Badsha Sahib]

"This speech will go a great way in whetting the desire of the people of this country to become engaged in industrial concerns and see that the industrial side of the Indian life is equally developed and show to the world that India has progressed a great deal industrially under the guidance and expert advice of the western industrialists and by the efforts put forth by the sons of the soil under the reformed constitution where the development of the country has been left to the labours of Ministers in all provinces. I hope that the hon. the Minister for Development will spare no pains to see that many useful industries are started and are guided and aided and controlled by expert and sympathetic advice of persons who know the craft. We will thus be able to record and exhibit what developments have been made as a result of the efforts made by the ministerial side of Local Governments. His Royal Highness the Prince of Wales had expressed the confident hope that industrial India would be represented at the British Empire Exhibition in a manner worthy of her magnificent resources. That only shows what attention ought to be paid in developing further the present industries and starting new industries which will of course be aided by the State with ever increasing wage-earning industrial population. Then there will be no question whether India should be recognized as one of the chief industrial States, which point was discussed at full length by Lord Chelmsford, one of the former Viceroy, at the September meeting of the Council of the League of Nations."

Rao Bahadur C. NATESA MUDALIYAR:—"Sir, Mr. President, I strongly support this Bill. This Bill is many decades overdue. If the politicians that preceded us in this Council and outside had bestowed any the least thought over developing the industrial resources of our country, our surplus revenue, which is itself completely inadequate to meet the industrial demands in view, would not have accumulated to such an extent as to have attracted the attention of the powers that be and would not have ended in the disastrous, iniquitous impost.

"Sir, in a country where money is being hoarded up for the sake of mere hoarding, in a country where capital is shy of enterprise as with that of landed aristocracy and other rich people including legal practitioners, in a country where mutual trust and mutual responsibility do not exist to such an extent as to make joint stock companies possible, in a country where professional technologists and expert advisers are rare for want of demand for them, in a country where labour is being wasted enormously for want of labour-saving machinery, in a country where labour is inefficient for want of comfort and education, but in a country whose physical conditions are such that its land is capable of producing under improved methods articles both rich in quality and quantity that can be produced in other parts of the world under varying climatic conditions, in a country whose products manufactured from these and other industries can not only meet the demands of this country but also can be made marketable in various parts of the continents, in such a country it is the State that should not only aid the nascent and existing industries by supplying them with raw material, by financing them with capital, by guaranteeing them certain percentage of profits, by affording expert advice and, above all, by protecting them from foreign competition, but also start new industries, equip them with expert Technologist, save labour by introducing labour-saving machinery and increase the efficiency of labour by starting imparting education to the

[Mr. C. Natesa Mudaliyar] [14th November 1922]

employees, by improving their housing sanitary conditions, combating successfully hookworm, malaria and other diseases, demonstrate the advantage of such industry to the people and, when it is sufficiently advertised, hand them over to private concerns. Sir, it is only then the shying capital from the over-filled coffers of the landed aristocracy and the hidden corners of Mylapore (laughter) will be brought to the service of the public. It is only then in addition to the country becoming prosperous the hue and cry that is raised from the opposite benches of unemployment and discontentment whenever any healthy resolution on communal representation is moved from this side for the good of the country, will subside.

11-45 a.m. “Sir, as to the cottage industries, Government should not encourage such industries which will entail much time and energy without proportionate returns. As to the Board of Industries that is to be formed, I request the Government to see when they nominate people on it only those who take a real, deep and abiding interest in the industrial welfare of the country are selected—thus to make the Bill a success when it is passed into law. It is better that all departments of industry, whether agricultural, manufacturing, marine, mining or metallurgy, all these should be brought under one single officer for administrative purposes, preferably a mechanical engineer, and each of these departments should have an expert at its head. The departments of forests, factories and irrigation should be transferred to the portfolio of the Development Minister. Let not the observations made by the Minister, that he is a Minister for Development without Forests, that he is a Minister for Industries without Factories and that he is a Minister for Agriculture without Irrigation, be in vain. Sir, in this connexion I cannot but pay my compliment to Mr. Cotton, the present Director of Industries, whose enthusiastic work in the field has been like that of one of his predecessors—Sir Alfred Chatterton, but I warn the Government that his successors may not be all Cottons” (laughter and applause).

Mr. W. ALEXANDER:—“Mr. President, Sir, on behalf of the constituency which I have the honour to represent, I have great pleasure in supporting this Bill. In doing so, I should like to make a few remarks on the principles of the Bill itself. The potentialities of industry are all very great and the proposals attached to the Bill will greatly help in developing industries and in using up the raw materials now exported. I should like to say that in the constitution of the Board three local bodies have to be represented, namely, the Madras Chamber of Commerce as representing the Madras trade, the Southern India Chamber of Commerce as representing the Indian and Muhammadan business interests and the Trades Association, a very large body interested in manufactures, etc. These three bodies, owing to their standing and importance should not run the risk of not being directly represented on the Board. There are one or two defects which may possibly deserve consideration.

“Clause 3 (2) of the Bill runs as follows :

No member of the Board shall take part in any of its proceedings relating to an industrial business or enterprise in which he is interested.

“I wish to point out that under this a member of the Board may be prevented from taking part in the proceedings relating to an industrial concern in which he is interested. I suggest that this clause be altered so as to apply only to those concerns for which State aid is sought. Again,

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14th November 1922]

[Mr. W. Alexander]

clause 4 (b), viz., 'industries to be newly introduced into areas where such industries are undeveloped' is not clear. There is the danger of an industry set up in one place competing with another concern in regard to the procuring of raw material. We are in favour of sub-clauses (a) and (c). Clause 6 speaks of the delegation of powers to grant State aid and the amount up to which it may be given, that is Rs. 10,000, is, I consider, too small and should be increased to one lakh. Also, we would like to see the scope and quality of the Board more clearly defined. We suggest that the words 'and no State aid shall be granted without reference to the Board' may be added. These are the only observations that I have to make and the constituency I have the honour to represent and the people with whom I am constantly in touch wish the Bill a great success."

Mr. A. M. MACDOUGALL:—"Mr. President, I rise to give my hearty welcome to the Bill and at the same time to lodge a protest against certain statements made by wild Indian politicians that the European community in this country is antagonistic to industrial progress. Every right-thinking man who knows the industrial history of this country will resent such a statement. The Europeans take as much interest in the industrial development of this land as, or more than, any other community. It is they who finance the large industrial undertakings in this land and without their capital many schemes would have proved unsuccessful. I cannot find language strong enough to express my protest, because it is unjust to accuse our community as being an enemy to the industrial progress of this country. We may, I admit, appear to be a bit lukewarm as regards our sympathy to industry, but that does not mean any antagonism to it. It is rather due to our wisdom and knowledge. We know there are a number of pitfalls that meet the unwary in industrial enterprises. Since 1919, it has been very well exemplified in Bengal, there have been industrial flotations nearly to the extent of six crores of rupees and they are now only worth a quarter of that sum in the money market. The main cause of that failure is due not alone to the slump in trade but also to the lack of skilled labour in this country. The general idea with reference to industries in this country is to have great humming factories working all over the country. The country's progress does not lie that way. There are other industries from which money could be made and by which the prosperity of the country would advance. There is one other point. We look upon ourselves as the watch-dogs of the taxpayers. State aid means that the State is taking the general taxpayer's money to help a few and the greater the safeguard the more assured the success. From the experience we have, we consider ourselves well in a position to give advice. I support my friend Mr. Alexander in most of the things that he said. One thing I should like to say. I do not think the principle in clause 4 (b) is right, that is, to grant State aid to industrial concerns in undeveloped areas. Cotton-spinning and weaving in this country are very, very successful and they require no State aid. There is one more thing which I should like to suggest, viz., that the powers of the Board should be as large as possible and the Bill so worded that no State aid will be given unless the proposal has been before the Board. I am an industrialist myself and had been a member of one of such Boards in England. On behalf of the Europeans I welcome this Bill and trust that it will be the forerunner of a great and successful scheme of industries."

[14th November 1922]

Mr. S. SOMASUNDARAM PILLAI :—" Mr. President, I welcome this Bill.

12 noon.

There are many evils which are found in the way of developing our industries. Firstly, our country is pre-eminently agricultural. Wherever we go, we find that our people are engaged only in agriculture. The result of this is that it produces laziness, because a short and very little labour produces an abundance of crops, and for more than six months our ryots are at home sitting idly. Consequently our country has got an aversion for all industries. The second reason for the decay of our industries is want of confidence—I mean mutual confidence. Only individual traders are found here and there. They never believe one another. All of them try to accumulate their money. The only trade that they do is to purchase a certain quantity of goods for one anna and sell the same for four annas. They never trust others. If Government come forward to help these people, they will join together and start joint stock companies. Another advantage of the Government coming to aid industries is that it will prevent migration. Our people for want of labour go to foreign lands to be treated there like dogs. This evil will be minimised by Government coming forward to help private industries.

" Our people, as a rule, invest their money in purchasing jewels for themselves. If all unproductive capital is utilized in starting industrial enterprises, certainly they will become rich and contented. Of course, there are some people that may not care for any industry being developed. But those who are really interested in the progress of the country will welcome this Bill, and those who merely express their interest but really have no interests at heart will oppose this measure. Recently I remember to have read an article contributed to the *London Times* by an Anglo-Indian who says thus :—O ! What a sympathetic man he is—If India, an agricultural land, is turned into an industrial one, people will suffer. Now people are all contented—perhaps in the immensity of their poverty. If agricultural India is turned into an industrial India; all the evils that are found in industrial countries of the west will be found in India also. There will be unemployment, trade unions, strikes and all sorts of troubles if we convert agricultural India into an industrial India. Really he sheds tears. What tears? Crocodile tears (laughter). Really sympathetic men, men who have the interests of the country at heart, who wish for the welfare of India, will welcome this measure.

" There is another evil which is the cause for the deterioration of our industries. We are more or less a nation of philosophers. We always rejoice in poverty, and for this purpose we always quote Shastras. We say 'what is the earthly use of industries?' All sorts of metaphysical speculations are brought in, which in their turn retard any progress in the way of advancing our country industrially. Under the circumstances, if Government come forward to help people in their industrial undertakings, our country will become rich. Sir, if you read the ancient history of India you will find that our country was foremost in trade development. From Southern India we sent raw products to other countries and we lost all that trade. Unfortunately, it is backward now in every respect. Agriculture is the chief source of its income. The agriculturists adopt the most ancient method of agriculture. They are, of course, averse to introducing any new methods. If you go and ask any agriculturist whether he is willing to adopt new and scientific methods of agriculture, he says : 'All our ancestors were

14th November 1922] [Mr. S. Somasundaram Pillai]

very great men, they were adopting only this method of agriculture, we have been following the same method from time immemorial, the present system has been introduced by foreigners, and therefore we are not willing to introduce those methods.' They always rebuke us if we suggest to them these new things. We must educate them in every way, including agriculture. So, if this Bill is passed, Government will come forward to help the people in their industrial enterprises, as a result of which the country will become prosperous and contented. With these few words I strongly support the passing of this Bill."

Rao Bahadur C. V. S. NARASIMHA RAJU:—"Mr. MacDougall has expressed that the European population in India is not at all averse or against the development of industries in this country. I gratefully welcome that statement from him. If I carefully heard the speech of the hon. the Minister in which the whole policy of the Government of India and the Secretary of State from time to time was reviewed, I believe that he fully realizes that much was not done in the matter of the industrial development of the country in the past. There is no use of now saying that some individuals did feel strongly that what had been done in the past was not for the industrial development of the country. The past is past. Now 'Development' is a transferred subject and it is for the hon. the Minister, a popular representative, to see and work for the industrial development of the country. Sir, I may be permitted to refer to a real difficulty of the hon. the Minister in investing money for the industrial development of the country. In his budget speech on 8th March 1922, Mr. A. Subbarayudu of Cocanada asked: 'What are the Government now doing as regards the paper factory started at Rajahmundry? Are they helping it financially?' Then the hon. the Minister replied: 'Let me tell my hon. friend that there seems to be a practical difficulty in the way of lending any money.' It comes to this. Under the Devolution Rules a loan of this kind does not seem to have been covered by cases for loan accounts for which loans could be raised. But there is one rule which refers to the provincial loan accounts under which loans can be borrowed if there is special law. If I rightly understood him the hon. the Minister hinted that legislation would be introduced and I believe that this is one of such legislation. I think it requires examination as to how far this special difficulty is met by this legislation. Sir, I refer to the various items of the provincial loan accounts in the budget. We find that there are various items to which loans can be advanced though they are not cases covered by any special legislation. I refer to page 78, paragraph 220, clause 5--loans by Provincial Government. The transaction under this head includes the following miscellaneous loans--loans to fisherfolk for the purchase of canoes, loans to agriculturists for the purchase of bulls and agricultural implements and loans in connexion with the acquisition of bouses for Adi-Dravidas. I believe that none of these items are covered by any special legislation. If special legislation is not required for advancing money out of the provincial loan account for the industrial development of the country, it is well and good. But if there is any such difficulty I believe the Bill does not in any way solve that difficulty. It is a question between the hon. the Minister and the hon. the Finance Member. I hope the hon. the Minister has sufficiently well-examined the Bill so that when the Act is put in working order he may not feel any difficulty and tell us again that he has not got sufficient funds under the Devolution Rules to utilize them for the advancement of the country. In a lengthy speech he has told us

[Mr. C. V. S. Narasimha Raju] [14th November 1922]

that he has closely followed the report of the Industrial Commission except in one or two cases. He was not pleased to inform this House why he has not followed the report in one or two cases. When I read the Bill I noticed one instance where it does not adopt the recommendations of the Industrial Commission. At page 185, paragraph 298, the recommendation is as follows: 'We consider that where industrial undertakings receive aid by way of guarantee or subscription there particularly the share capital should be raised in India in rupees. In order to secure that the opportunity of subscribing to any such undertakings is fully open to all classes of the public the Government should consider allotment of shares.' On page 298 for example they state: 'The former rules did not give an opportunity to small investors to invest their money in industrial undertakings, or induce the Indian public to take to industries.' If we refer to clause 4 of the Bill we see what industries are to be aided. There it describes only the nature of the industries that are to be aided, but there is nothing to indicate that the aid should only be confined to companies raised in India. It may be, as the Bill stands, loans to investors, loans to companies raised in foreign countries. Of course the Industrial Commission's report which provided for the development of cottage industries has, if I understand the report correctly, is confined only to companies raised in India, i.e., in rupee shares. I hope this aspect will be examined by the select committee, when the Bill is referred to it and that the committee will see that proper check is placed instead of allowing the Government to give loans to whomsoever it pleases. I find that notice of this Bill was given during the last sitting of the Council and it was then stated that the sanction of the Government of India was not received. Now I do not know whether the consent was obtained or not. I find that certain provisions which contravene the Indian Companies Act—"

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU:—"The consent of the Government of India has been received."

Rao Bahadur C. V. S. NARASIMHA RAJU:—"The hon. the Minister has not been pleased to mention this in his speech or in the preamble of the Bill, which is customary. Regarding cottage industries the most important item is lending machinery on hire-purchase system which is one of the items recognized in Industrial Commission's report. I do not find anything mentioned about this in the Bill. I hope the hon. the Minister for Development will examine the question. He will be helping the cottage industries to a great extent if that principle of hire-purchase is introduced in the provisions of this Bill.

"It has been complained that powers were not given to the advisory board, but I would refer Mr. Alexander and Mr. MacDougall to 12-15 p.m. sub-clause (3) of clause 7 which says 'Every application for aid shall be placed before the Board of Industries for advice'.

"A charge is intended to be created by any State aid given, for the recovery of that amount. I find that the wording of clause 9 is not at all satisfactory. The clause, as it now stands, contemplates that a mortgage is to be executed by the persons taking the amount, for the amount so taken. I believe it is not the intention of the Government to do so. If that be the case, I think that the Government can give such aid as any ordinary person lending money without an authorization by an Act. The real intention seems to be to create a charge subject to the previous charges for the recovery of the amount without any need for the execution of a mortgage."

14th November 1922]

Rao Bahadur P. C. ETHIRAJULU NAYUDU :—" Mr. President, I also rise to congratulate the hon. the Minister for Development on the Bill to aid industries which he is seeking to place on the Statute. The Bill is a sincere attempt to try and help nascent industries and to nurture them in their infant stages when they stand in need of sympathetic guidance and assistance. As a merchant, I have always held that the industrial regeneration of the country is the most pressing need of the times. All the cry for swaraj or self-government, all the agitation for Indianisation of the services, all the tearing and raging propaganda of the non-co-operator, will not help the real masses of the country to a millionth extent as compared with the good that can be achieved through the growth and development of the industries of the country.

"The industrial expansion of the country is fortunately coming to occupy the foremost place in the programme for the country's advancement and it is with no little pride that we must hail this Bill, for our Presidency has so far been the first to introduce such a measure. If the Bill has not received wider attention than it has in this Presidency, it is partly due to the phlegmatic temperament of our people and partly due to the fact that the most vocal sections among us are not really interested in industries."

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU :—" May I correct the hon. Member, Sir? The Bill, in my opinion, has received sufficient attention. It was referred to by the *London Times* and by the *Financier*. Three articles appeared in the *Bengalee*, all appreciating the Bill."

Rao Bahadur P. C. ETHIRAJULU NAYUDU :—" I said that it has not received sufficient attention in this Presidency, though it has drawn attention outside the province, and I am just coming to that fact also. From the criticisms that have been appearing in the *Bengalee*, the *London Times* and the *Financier*, it is clear that the Bill has attracted wide attention (laughter), and is a worthy product of our Minister's indefatigable exertions.

"The Statement of Objects and Reasons speaks of the timidity and conservatism of the investing public. While I am disposed to agree that this was the case prior to the Great War, I must say that there has been a great change latterly, and during the last four years in particular there has been neither timidity nor conservatism. In fact the criticism has been that the public is disposed to be rather rash and undiscerning in its investments, and the history of the recent development of companies affords ample proof of the fact. The hoarded wealth of India—that intangible which our Finance Member would be only too glad to feel the touch of—has been freely tapped by numerous promoters of companies and a great danger exists in the fact that some of these companies are bogus companies exploiting the cupidity of the unwary investor. But the great obstacle in the way of the free circulation of money for industrial purposes lies in the belief, however ungrounded it may be, that the Government is averse to encouraging industries which would compete favourably with well-established European concerns. The transfer of the subject of Industries to popular control has gone some way to remove this fear but much yet remains to be done.

"There are two methods by which nascent industries could be safeguarded, one by adjusting the tariff laws of the country so as to prevent infant enterprise being smothered by the competition of well-developed foreign industries, and another by State subvention. The former has been the

[Mr. P. C. Ethirajulu Nayudu]

[14th November 1922]

subject of investigation by a Commission and is really beyond the purview of the Local Government. It is the latter method that has been adopted in this Bill by our hon. Minister.

"State subvention and State guarantee are not new devices. The wonder is that in this country the Government did not adopt this device earlier and has allowed the impression to be formed in the public mind that it is apathetic to industrial development. In all civilized countries such methods have frequently been adopted. In England itself both protective tariff and State subventions were freely resorted to during recent years to help and protect their industries. In our own country the railway industry is an example of the State aiding and guaranteeing an industry. I hope that the Bill when passed into law will be liberally worked and the bogey of the State competing with private enterprise will not be too frequently allowed to frighten the Government. After all, State management really is a form of private enterprise which is undertaken by a company whose shareholders form the entire tax-paying community.

"Coming to the provisions of the Bill, I notice that criticism has been levelled at the fact that large rule-making powers are reserved for the Government under the Bill. In fact, the hon. the Minister has not made any secret of it and has stated it in so many words in the Statement of Objects and Reasons. Nor is it in any way inconsistent with the spirit of the Act. The Bill requires very careful handling in the working of it, and so many complicated situations may arise which cannot possibly be foreseen at present and provided for in the Bill itself. It is not the part of wise legislators to incorporate meticulous details of every conceivable nature in a statute, and giving it a rigidity which would do great injury to the ultimate aims of the Bill. A certain amount of flexibility, some fluidity and mobility is necessary to secure efficient working of the measure and that could only be secured by reserving details to the rule-making powers of the Government. And after all, it must be remembered that these rules are to be made by the hon. Minister himself and it is only fair to think that an enthusiastic sponsor of the Bill would not lag behind in seeing that a liberal framing of these rules is obtained.

"I would appeal to all sections of the House to support the Bill as it is an earnest endeavour to make a beginning, however humble it may be, to encourage the growth and development of our industries. I have great hopes of the future and of its possibilities, and I trust that with the co-operation of the industrial magnates and merchant princes we may open a new chapter in the industrial development of our Presidency. With these few words, I would once more congratulate the hon. Minister and wholeheartedly support the principles of the present measure."

MR. T. SIVASANKARAM PILLAI :—"Sir, coming as I do from the famine zone, this measure is doubly welcome to me. Living by agriculture in my district is very precarious on account of uncertain and ill-distributed rainfall. The potentiality of my district for industrial development is very great; there are gold mines and other mines and there is also the decaying areca industry in the Madakasira taluk which I hope this measure, when passed into law, will be able to resuscitate. There are other fields also in which this legislation, if passed into law, might be useful in developing the economic condition of my district in particular. There is groundnut that is grown there to a very large extent and the district is also a cotton-growing one.

14th November 1922] [Mr. T. Sivasankaram Pillai]

There is a very large tract of cotton soils, and the cotton that is grown with the help of the Agricultural Department is being improved in quality year after year. There is plenty of room for improving some of the local industries in my district. For example, there is the bangle industry that is carried on to a very large extent in the interior parts of my district. Bangles have a great demand and Japan has almost captured the markets even in rural parts. I hope to see that when this Bill is passed the naturally plentiful raw products may be fully developed and utilized, so that the resources of the district may be improved to an extent which may be beneficial to the people of this Presidency and particularly of my district. With these few words, I should like to heartily support this measure."

MR. T. ARUMAINATHA PILLAI :—" Sir, I rise to congratulate the hon. the Minister for the Bill which is now put before the Council, but at the same time I must also point out certain defects in the Bill, defects which in my humble opinion, though I am not an industrialist but only a simple lawyer, would go not to the development of the industries but unfortunately would lead to the smashing of these new industries which the hon. Minister hopes to start. It is true, Sir, that the Government wants to give State aid in the shape of loans by guaranteeing a minimum dividend and also by standing surety for the banks. But after all, taking the position of the Government into consideration, viewing it from the point of view of a lawyer, it is nothing more than that of a creditor and a debtor, and so far as clauses 11 to 18 are concerned, I submit that the powers entrusted to the Government are rather too general. One power is entrusted to them, namely, that in certain companies where the capital exceeds a certain amount, the Government shall appoint a director in order to safeguard their interests. But at the same time, may I ask the hon. Minister to say whether the Government would also be responsible for the profits or losses of the business? If they are not to be so, then, Sir, I would submit that the position which the Government want to take, namely, their being on the directorate but without any responsibility as to the profit or loss is rather a very anomalous one, though I am not prepared to say it is an illegal one. The Government, again, say that so far as the dividend is concerned, till the loan is cleared, the dividend shall only be at the behest of the Government. That may be perfectly right and I would not demur to it, but it goes further and says that so far as the disposition of the reserve fund is concerned the Government shall have a final hand in the matter. The hon. Minister himself is a lawyer, and I put it to him, Sir, whether he would be able to point out from any section of the Indian Companies Act, or from any of the rules framed thereunder, whether such a thing could ever be done. The hon. the Minister when he introduces a Bill has got to look into the other analogous Acts also."

THE HON. RAI BAHADUR K. VENKATAREDDI NAYUDU :—" May I know, Sir, to what part of the provisions of the Bill the hon. Member is referring?"

MR. T. ARUMAINATHA PILLAI :—" I am referring to the last part of clause 16, to the words 'shall be carried to a reserve fund to be utilized in such manner as the Government may direct.' I am only pointing out a defect, Sir, and I am not blaming the Minister for it. So far as that provision is concerned, I may submit that in the case of a joint-stock company, the property of the company, its income and the right of disposition thereof would vest in the shareholders, but so far as this part of clause 16 is concerned, it entirely goes against the principles which have up to now

[Mr. T. Arumainatha Pillai] [14th November 1922]

obtained not only in this land but in every other country where joint-stock companies have been started. But I also submit that so far as the Government is concerned, it ought to give State aid. It has got to see that it does not lose its money, and for this the hon. the Minister has provided safeguards in clauses 8 and 9. It is not only that 50 per cent of the value of the tools and plant upon which the money is advanced but the hon. the Minister has taken care also to see that before he advances money he would rather have a collateral security. By collateral security I believe it is meant, apart from the ordinary tools and plant that will be mortgaged, also the other properties of the applicant. May I ask whether the Government will not be pleased to see that the control which it takes in the direction of those industries would only be that of a benevolent patron and not that of a Marwadi creditor? I submit, Sir, that the position which the Government ought to take would be to find out the sources of raw materials, to advise persons who want to start new industries, to see that industries do not overlap each other, at the same time to engage experts and to give the help of expert opinion wherever it is needed. That would be the position which the Government should take. But so far as the money that the Government invests upon industries is concerned, I believe the hon. the Minister has sufficiently safeguarded the interests of Government in clause 10 of the Bill so as to see that the money is not wasted.

"Then, Sir, I entirely agree with what Mr. Alexander has said with regard to clause 3 (2). There may be persons who would not like to come under this Act, but who would be interested in the same set of industries. If this is also made a disqualification, I think the hon. the Minister will find it difficult to get commercial and banking men to come and work on the Board. I submit, Sir, that these are some points which the hon. the Minister would be pleased to bear in mind when he refers the Bill to the Select Committee.

"I may very well say, Sir, in concluding, that if diarchy has been bad as it has been abused out-and-out, at least it has produced this one good effect by the popular Minister being able to introduce this Bill. At least, for its sake, Sir, I say, 'let diarchy be welcome,' and I congratulate the hon. the Minister again for introducing this Bill."

Mr. R. APPASWAMI NAYUDU :— "Sir, this Bill is absolutely necessary for all those who go in for new industries, big or small. The proposed Bill is a God-send to all the people of the country. All the wealth of the country is now in the hands of the agriculturists, and all the raw materials that are necessary for the development of industries and commerce are produced from land and are in the hands of the agriculturists. Sir, especially in these days of industrial and commercial enterprise, in these days of keen competition and high prices, the producers of raw materials are very keen in converting the raw materials into industrial products so as to derive full benefit themselves from them. For instance, my friend here Mr. Vandayar, who is a big mirasidar of the Tanjore district, and who produces several thousands of tons of paddy every year, one day might go in for a rice factory, and he might require State aid for that. I myself and my community who live in the black cotton soil and produce large quantities of cotton may go in for a spinning and weaving factory at any time. There is my friend Mr. Ethirajulu Nayudu of Guntur, who produces tobacco, and he may like to start a cigar factory. Some of my friends from the Ceded Districts, where indigo is grown largely, may go in for the manufacture of indigo, and some

14th November 1922] [Mr. R. Appaswami Nayudu]

of my friends from the Godavari district and Agency tracts, which are noted for their large quantities of sugarcane, may want to establish sugar factories. Sir, all these people require State aid (laughter). These are new and nascent industries which are likely to play a very important part in the economic development of the country.

"Sir, as I have said before, this Bill is a God-send to such of the agriculturists who might like to manage small and new industries, and I thank the hon. the Minister for introducing this Bill. But I find one or two defects in the Bill and I think they will be set right in the Select Committee. As an instance I wish to point to clause 3 of the Bill, where there is no provision made for the representation of the land-holding classes in the Board of Industries. All persons who have a stake in the country should have representation in the Board so as to represent their grievances. It is not that the landholders mistrust the banking and commercial community, but I fear that the applications of agriculturists will be treated with scant courtesy. It is very important that the great land-owning classes who produce all the raw materials for manufactures and commerce should have representation on the Board. I think the Select Committee will rectify this mistake.

"With these few words, I beg to support the motion for the introduction of this Bill."

Khan Bahadur MUHAMMAD USMAN SAHIB :—"Mr. President, I beg to convey my hearty congratulations to the hon. the Minister for Development for the statesmanship shown in introducing this Bill. We all appreciate the trouble and pain involved in preparing such a measure as this. When this Bill was published for the information of the country, it was received with a chorus of approbation. This Bill is full of future potentialities for the development of industries of this country, and I am extremely glad to see that no objection has been raised in this House till now against it, and I hope that every member of this House will show his practical sympathy for the industrial regeneration of India by voting for this motion, and that it will be carried unanimously.

"Sir, as has been pointed out, the object of this Bill is to encourage the development of industries. There are people in this country who are very nervous in investing money in industries, because they think that they might at first meet with loss. Now that the Government is prepared to give aid to industries and help them, people will be encouraged to invest money in industrial enterprises. I may say, though it may seem a selfish point of view, that this piece of legislation will be very useful to my community who play a very important part in the trade and manufacture of this country, and they will consider this measure a great boon received from the hands of the Government. So I welcome it.

"Many traders and merchants have told me that when this Bill becomes law they will be able to get great aid from the Government and by this means they will be able to improve their own industries.

"My hon. friend Mr. Narasimha Raju asked the hon. the Minister why he did not give effect to a certain portion of the report of the Industrial Commission. I may point out to him that as a Minister who has introduced this Bill he would have read all the literature on the subject and would have rejected any portions only after consideration. I think, Sir, that

[Mr. Muhammad Usman Sahib] [14th November 1922]

when this Bill becomes law, it will be of very great benefit to all those people who are engaged in the industries of this country, and I welcome it as a very useful measure."

Mr. S. T. SHANMUKHAM PILLAI:—"Mr. President, I heartily congratulate the hon. the Minister for the Bill which has been so very ably drafted and it seems to me to be complete in itself. While I leave the legal points for discussion to the lawyers among my colleagues, I would say a few words as regards the feasibility and utility of this measure.

"Time there was, about three centuries ago, when the country was most renowned for its wealth and importance, and that was what attracted the attention of foreigners and brought in foreign invasions and foreign Governments into this country. Although in other matters our country is second to none, in regard to wealth it has given place to others. The reasons therefor are not far to seek. Agriculture is the chief industry of the province followed by the bulk of the population at present, and there is no other industry worth the name. But the other industries were not formerly unknown in the country, although they have since decayed or died. The British Government in the past did not pay proper attention to the promotion of industries; perhaps they thought that agriculture was the only industry fit for the Indian population. Even now, the Government do their best to promote agriculture by improved methods being demonstrated to the ryots. But that is not sufficient. We see from the census statistics that population is increasing decade after decade. The supply of food falls short of the demand. The masses are extremely poor and there are people among them who are content with one meal a day. The reason for the decay of other industries of the country is want of money and union. But there is wealth among the aristocracy and also among the middle classes; for want of union they would not combine and pursue any sort of useful industry. There is no denying the fact that the country's resources and potentialities are immense. The country produces almost all the raw materials required for the development of industries, and in fact year after year it exports large quantities of raw materials to foreign countries for manufacturing purposes. If there is union and money among the people, they could successfully manufacture many of those raw materials into finished products in the country itself. Many companies will be formed with a view to start various industries. Unless the Government come forward and give special aid and encouragement to industries, the people cannot do anything and there is no chance of the old industries thriving and the country flourishing. As a matter of fact, in Tinnevely we are forming a company to start a spinning and weaving factory, and we are looking forward to the Government and waiting to see what aid we are going to get.

"With these few words, I strongly support this Bill and thank the hon. the Minister for introducing it."

Sri Mekha APPARAO Bahadur:—"I rise to support this Bill. I believe the Bill is receiving not only vocal but also the moral support of the people. I am sure that in the passing of this Bill the Government are not tempted by any personal gain and they are doing it for the advancement of the industry of the country. It is this mutual confidence between the Government and the people that will tend to bind together the people and the 'landed aristocracy' as Mr. Natesa Mudaliyar has been pleased to call us. Really this sort of Government

12-45 p.m.

14th November 1922] [Sri Mekha Apparao Bahadur]

support is the best inducement for attracting capital to these concerns and I hope, Sir, the confidence of all classes of people will be restored and we shall all join together in the progress of the industrial movement of the country."

Diwan Bahadur K. SURYANARAYANAMURTI NAYUDU :—" I have heard carefully the debates and think that under the existing circumstances the Bill is a well-conceived measure and drawn very carefully and I must congratulate the hon. the Minister for Development on the trouble he has taken to bring out this splendid presentation. Of course, some modifications in the rules may be found necessary in sections 9, 10, 11 and 18; but I hope the Select Committee will consider all these points carefully and present the Bill in its final form and I hope it will be possible sooner or later to make further developments as we gain experience in the working of the provisions of the Bill. I am also able to notice that it is conceived on liberal lines giving prominence to individual enterprises. Mr. MacDougall has made a reference by saying that there is an impression among the Indians that European communities are against this Bill. I do not think that, as far as I know, there is any such impression at any rate among the mercantile community. Because we all know that India is very backward in industries whereas the European countries and America are very much advanced. I am sure that we will need the advice of Europeans who are experts and have had a great deal of experience in industrial pursuits and higher industrial matters. Further, I must also think that unless there is enough co-operation between the European and the Indian in this country there will not be an appreciable advance in our efforts. For, for any advice in industrial matters we must go to an European because it is he who has the experience and training in the line. And when labour is required, of course the European capitalist must go to the Indian, and thus there ought to be mutual co-operation between the two communities. So far as the discussions in this House have gone, we find that all communities, European, Indian or Muhammadan, all are in favour of the Bill and I hope this will give a sort of impetus to the capitalist who will be ready to aid the industries of the country. Once again I most heartily congratulate the hon. the Minister for the very fine Bill he has brought forward and I hope he will have the cordial and unanimous approval of the House on his Bill."

Mr. K. SARABHA REDDI :—" I really and wholeheartedly welcome the Bill under discussion; but only I request an assurance from the hon. the Minister to provide in the Bill measures to safeguard the interests of agriculture and agriculturists, which, I fear, may often, though not always, have to be sacrificed for the successful development of some particular industry or industries of which the Government or some private selfish capitalists may be most enthusiastic about.

" While industry is a wealth-accumulating agency, agriculture is a life-saving agency. But generally a bull which tills our soil and produces our food does not command half as much affection of the master as a beautiful horse which is kept more for luxury than for necessity.

" It is this truth that creates the doubt in me and necessitates any suggestion for insertion in the Bill of some measures to safeguard the interests of agriculture and agriculturists.

" With this omission filled up, the Bill is complete and receives my full and hearty welcome."

[14th November 1922]

Mr. C. V. VENKATARAMANA AYYANGAR :—"I also join with the echo of support given to this Bill. I heartily congratulate the Minister especially on the fact that he has introduced a Bill for which probably there is a unanimous support. So far as the Bill is concerned, I have risen to support it rather late after many of my friends have given their opinion and in this there is absolutely no communal or racial question. I am coming from a district which has progressed considerably in industries and personally I have a great interest in industrial concerns as I have invested a large amount of money in them. Reference has been made—I do not think that my friends that represent the European communities need have made any such reference—by my European friends to a suspicion lurking in the minds of Indians that the Europeans do not support the industrial development of the country. My impression is that, if there is a question that should concern both the European and the Indian communities, it is the question of industries. In addition to the support by the representatives of the European community I may add that I have also been authorised by Messrs. Stanes & Co. of Coimbatore, who have much interest in the industrial regeneration of the country, to intimate their whole-hearted support to this measure. So far as the principle is concerned, we need not go into the various questions raised by the hon. the Minister in charge and others. But it is necessary to say that there is a confusion of ideas between the nationalisation of industries and State aid to industries. So far as India is concerned, no responsible statesman has ever said a word against the nationalisation of the various industries. There is an agitation that all the Railway companies should be nationalised, but so far as this Bill is concerned it goes only to the question of State aid to industries. We, therefore, need not go into the big question of nationalising the industries, but we need only deal with the State aid to them and how to regulate same. We have got the history of other countries in this direction both before and after the war and we know about Germany that it has made a substantial improvement in the line by the State subsidising the industries. But in India we suffer for want of such subsidies.

"Mention has also been made of one or two other points and I will deal briefly with them. Reference was made to the cotton industry. I have heard carefully the speeches of my previous speakers, especially the hon. Member from Tinnevely. I strongly think that we need not spend a large portion of the ryots' money on industries that are already thriving: for instance, the cotton industry which is already very well organized throughout the country. I have been told by some friends that the immediate effect of this Bill will be the introduction of a very large cotton industry in the Northern Circars. The cotton industry has sufficiently been developed and I think there is no need for its being subsidised. In the words of the hon. the Finance Minister, it should not be made a 'common pool' to find it always 'dry'. Industries such as the paper industry should be very well encouraged. The electric power could be increased so that they may be useful to the several mills in Coimbatore. Mr. Shanmukham Chettiyar, who is a director, is very much concerned with it and in the Coimbatore district there is plenty of electricity available without the money to make it useful.

"Mr. Arumainatha Pillai referred to the unnecessary safeguards in the Bill. I am rather of opinion that, when the Government
1 p.m. wants to support any industry, the safeguards must always be

14th November 1922] [Mr. C. V. Venkataramana Ayyangar]

made a little more stringent. As has been very well said, it is not only the capital that the Government may invest in these concerns, but it is the moral strength that lies behind it that will induce the people to invest money in such concerns. We all know, Sir, that one great defect generally with these concerns is the enormous increase which they make in working expenses and the establishment charges. Many of us know well that Messrs. Arbuthnot & Co. failed because they had very costly establishments and some unnecessary working expenses. It is a well-known fact that the glass factory in Madras also increased its capital unnecessarily and failed. Therefore there should be very great check when a company is started with Government help to see that the capital is not unnecessarily increased. One of the big concerns which has suffered on account of the increase of capital is unfortunately Tata & Sons. I myself am interested, Sir, in their Iron and Electric companies. They gave us interest at 285 per cent in the beginning and the shares were selling at about hundred times their initial value and that was when the capital was only two crores. I suppose it was after all the question of the goose that lay golden eggs and they thought that when they were getting so much with a capital of only two crores, why not increase it to ten crores, and they have increased the capital with the result that the shares are now selling at a discount. Therefore, Sir, if any check is necessary, it is certainly necessary in that direction and if the Government determine to help any company, they should see not only in the beginning but throughout that the capital is not increased unnecessarily. These, as I said, are matters of detail which the Select Committee will consider most carefully and I think the public also will be given ample opportunities of discussing matters. Anyhow, India is an agricultural country and I am afraid that there seems to be some suspicion in the minds of some people that there is some sort of antagonism between agriculture and industry. My own idea on the point is that agriculture will be very much improved with the improvement of industries."

Mr. C. RAMALINGA REDDI :—" Mr. President, I am glad that the principle of State encouragement to industries has at last been recognized and that it has also been embodied in a Bill which has all the appearance of being workable. My friend, Mr. Arumainatha Pillai, directed certain criticisms against some of the provisions of the Bill which have only confirmed me in my view that the Bill has been conceived in the right spirit and is going to be worked on right lines. It is very easy for a Government to play the part of a benevolent patron with the tax-payers' money, and I am, therefore, glad that Government have resisted that temptation and have proceeded, as has been said by an hon. Member, in the spirit of a Marwari. Unless a measure like this is fenced round with full precaution, it will land the State very easily in disaster. Therefore, I would rather that the Minister erred on the side of caution than that he should land the State in difficulties.

" There are only three or four points on which I would like to offer a few observations. The principle of the Bill has been very well received and I do not propose to waste any time on the general theories or policies underlying this measure. Of the specific points of organic importance, I would mention the following. First, no consideration seems to have been given to the possibility of giving bounties as one form of aid that might be given to industries, and I think the Select Committee would do well to see how far bounties could be included. Here again I do not wish to go into details, but

[Mr. C. Ramalinga Reddi] [14th November 1922]

would only say that bounties are a very safe and cautious way of encouraging industries, as they are given out on actual output or other outturn and not on speculative possibilities.

"The second point is this. Government propose to guarantee a minimum return in certain cases, but so far as I have been able to read the Bill, I have not come across any limit that they propose to fix with regard to that minimum guarantee. I think, Sir, that a time-limit or a limit as to the total amount to be disbursed or some such thing ought to be fixed as it is inadvisable to undertake indefinite commitments of this sort.

"Thirdly, Sir, I entirely share the views of my hon. friend who attacked the provisions under clause 4, viz., aid to industries to be newly introduced into areas where such industries are undeveloped. Area is a very indefinite term. Area might mean a province, a district, a taluk or a village and though it is perfectly true that the committee would administer it with due consideration so as not to jeopardise previous vested interests, still it seems to me that the primary necessity is not to encourage veteran industries, but rather the new ones and nascent and pioneer industries. At the same time, Madras Presidency is one which is comprised of four linguistic divisions which are, as we know, clamouring for more and more recognition of their individuality. If, therefore, area is defined in the Act as meaning a linguistic division, I would have no objection.

"The fourth point that I wish to submit is this. What guarantee is there that the help to be given would be given to the industries organized by Indians? That is a point which, with due deference to my hon. friend Mr. MacDougall, this House will have to consider, though I wish to avoid controversies which may be unpalatable. I would only refer here to what has been done by the Government of India in connexion with the Fiscal Commission. This was one point that was specifically referred to the Fiscal Commission and, if I remember rightly, that Commission investigated the problem of preventing foreign firms from taking advantage of protective system. It cannot be denied, with due deference to my hon. friends there, that there is a conflict of interest between the Indians and the Europeans. I was informed the other day that our students in England find it very difficult to get an insight into all the manufacturing processes or organizations. Well, that is a sign or symptom of our industrial rivalry. Commercial interests do not always coincide with the industrial interest and the interests of the foreign capitalists do not always coincide with those of Indians trying to compete in the same field. Such being the case, some guarantee that such special aid as would be given under (a) and (b) of clause 4, viz., to nascent industries and industries to be newly introduced, would be confined to *bona fide* Indian firms, should be specifically mentioned. In this connexion the recommendations of the Fiscal Commission might be of some use. These are the only observations, Sir, which I wish to make and for the rest I would heartily join the chorus of approval that followed the introduction of the Bill."

Rao Bahadur A. S. KRISHNA RAO PANTULU:—"Sir, while I accept the introduction of this Bill, I wish to make a few remarks on the provisions and principles underlying it. This Bill is intended to assist in the establishment and development of industries in this Presidency and the uniform chorus of approval that has followed the introduction of this Bill can only illustrate that position. It is somewhat unfortunate that in the discussion of this question a reference should have been made to any

14th November 1922] [Mr. A. S. Krishna Rao Pantulu]

linguistic divisions, or even to the idea of those divisions having a separate existence. I should think, Sir, that if there is any measure regarding which we ought to work with no differences based either on territory, or race, or community or caste, it is this and this Bill alone and I therefore request this House to view this Bill disgorging it from all considerations of either race, or colour or creed, or caste or territorial divisions. Viewing it from that standpoint, I wish to point out that there need be no misapprehension or alarm on account of the existence of the provision contained in clause 4, sub-clause (b), regarding industries to be newly introduced into areas where industries are undeveloped. If, Sir, we realise that it is our duty to foster the growth of industries throughout the province, are we to state that in places where there is scope for development, where there is scope for the introduction of new industries, no aid will be granted because of their undeveloped condition? Let it be realised that no one will think of starting an industry unless there is need for it in the locality, as has been suggested, or unless there is scope for its development. It is only when these two main requisites are satisfied that any steps will be taken for the starting of new industries. If these two requisites are satisfied is it fair or just to say that industries to be newly introduced into areas where industries are undeveloped ought not to be encouraged by State aid? I think, Sir, that it will be a very retrograde step which will have to be taken into account when considering this question. I wish to point out that it will lead to considerable difficulty if, following the advice of my hon. friend Mr. Etirajulu Nayudu, we try to regulate most of the important provisions of the Bill by rules. I think that there are several provisions here which had better be incorporated in the Act itself than be regulated by rules. For instance, in the constitution of the Board of Industries, as has been pointed out by the hon. representatives of the European community, it is quite proper that we should go further in the statute itself, as has been done in the Port Trust Act, and specify what bodies can really be given representation, to what extent election can be allowed and to what extent nomination should be restricted. Instead of leaving these details to be worked out in the rules, I would suggest that these provisions be incorporated in the Act itself.

“Coming to the constitution of the Board of Industries as incorporated in the Bill, may I point out that it requires further improvement
1-15 p.m. and development in the light of the recommendations made by the Industrial Commission? Whatever care may be taken in filling up places on this Board of Industries so as to represent different interests and different trades, it will not be possible to provide for the representatives of all the various trades in the provinces. It is also very difficult to expect that one who represents a particular trade on the Board will be in a position to make himself sufficiently acquainted with the circumstances affecting the other trades and the necessity to help and develop them. Therefore, Sir, it is necessary that these members of the Board should have power to co-opt other members so as to help different interests and represent different trades. Unless there is provision in the Act for this, the Board of Industries so framing their rules as to co-opt other members, it will not produce satisfactory results.

“In addition to this, Sir, I think it is necessary that provision should be made in the Act itself not by mere rules for the constitution of local or district committees to help the growth of industries in various parts of the

[Mr. A. S. Krishna Rao Pantulu]

[14th November 1922]

province. Let it be remembered that the board constituted under clause 3 of the Bill is not likely in the present stage of industrial development in the Presidency to sufficiently represent the possibilities of growth in the various parts of the Presidency. If that object has to be attained in the future it can only be by the formation of local or district committees in the Presidency. I would, on this occasion, place before the House the observations or the recommendations made by the Indian Industrial Commission as they will be pertinent in this connexion. They stated:

The board should be a small body the size of which should not be less than six or more than twelve according to the provinces. In the case of a board appointed from the business community of a province, it would hardly be possible to appoint more than a single member with the knowledge of a subject like handloom weaving and such a member may not be helpful in other matters. The board should therefore have power to co-opt members for temporary or special purposes and to appoint standing or temporary sub-committees including persons from outside its own members to deal with special subjects. We think that the development of the department would be facilitated by the formation of local or district committees which would be able to diffuse industrial information and would represent to the central committee regarding matters of local interest. Further, these committees should prove a powerful means of exciting throughout the provinces an active interest in the work of the department.

"Sir, in addition to the modification which I have suggested in the constitution of the Board of Industries and the formation of sub-committees and local district committees, I also think that the conditions under which loans or grants may be given ought not to be solely relegated to the rules. It is quite true that, in working out the minute details, sufficient scope should be provided for the rules but, in laying down the principles, we must look for them in the statute itself. I also consider that the provisions contained in clause 6 of the Bill regarding the delegation of powers of the Local Government ought to be amplified and improved. As it stands at present, the Local Government may delegate the power to grant State aid under sub-sections (a) and (b) of section 4, provided that no authority to whom such power is delegated shall be empowered to grant aid to any one industrial business or enterprise of an amount or of value exceeding Rs. 10,000. In the first place, I am not in a position to comprehend why cottage industries coming under clause 4 (c) have been excluded from the operation of the power of delegation and I should also like to ascertain if the limit of Rs. 10,000 is a reasonable one having regard to the possibilities of industrial development in this country. While I think that Rs. 10,000 is probably a very low limit, I am not prepared to suggest that it should go so high as one lakh as has been suggested by other friends in this House representing the mercantile community. It is necessary to examine that provision and see that the limit is increased to a reasonable extent so as to provide for the possibilities of industrial development in the proper direction.

"One other observation I wish to make is regarding the powers of control that the Government have thought it fit to retain to themselves. I quite agree that we should have as stringent conditions as possible for enforcing that the money given to aid an industry is properly spent and the money is recovered in proper time. But in doing so, we must not adopt provisions which will probably scare away the people from fully utilizing the opportunity so afforded. Nor should we have provisions which would place them in an embarrassing position. While there is provision in clause 9 that every loan granted under this Act shall be secured by a mortgage or floating charge upon the whole of the assets of the business or enterprise, subject to any encumbrances existing at the time of the grant, and by such collateral security, if

14th November 1922] [Mr. A. S. Krishna Rao Pantulu]

any, as may be required by the Local Government, and shall bear interest payable on such dates and at such rates as the Local Government may determine', I really fail to understand if there is any necessity for having that drastic provision for the recovery of the amount as is contemplated under clause 17 (1) of the Bill that such moneys shall be recovered as if they were arrears of land revenue. I think that that provision also requires modification to help the growth of industries. At present with these remarks, I support the introduction of the Bill."

Rai Bahadur T. M. NARASIMHACHARLU :—" Mr. President, Sir, I also join wholeheartedly in supporting the introduction of this Bill. For a long time the idea of the Government was that they should not introduce any such Bill because they thought that it would amount to an unlawful interference with private enterprise. I think, Sir, that idea has been prevailing for a long time and that is the reason why our industries have not been successfully worked until now. But now, thanks to the reformed Government, thanks also to the Minister who is in charge of the Development Department, that theory has been exploded and this Bill has been introduced with the true instinct and hope that by the aid of this Bill our industries might be revived. For a long time this idea of non-interference with private enterprise has worked such a havoc in our country that private enterprise, especially foreign private enterprise, has killed our industries and we are left to agriculture and agriculture alone. I think, Sir, that if we only take into consideration that aspect of the question, the introduction of this Bill would mark the beginning of a new epoch in the industrial development of this country. This is, to my mind, a measure full of immense potentialities for industrial development. It has been said by some hon. Members that the provisions of this Bill as regards safeguarding the aids given by the Government are rather stringent. I wish, Sir, that the safeguarding measures were more stringent than they are. Unless they are so, there is no guarantee that the money given by the Government will be utilized properly and unless it is utilized to the best advantage, the results hoped for could not be achieved. I therefore think that the stringent measures for safeguarding the aids of Government should be more stringent than they are and, if at all they err, they do so on the side of leniency.

"Then, Sir, the Government should be very careful in seeing that the aid given is not squandered away on imaginary enterprises. The Government should first be satisfied, as is proposed in clause 4 of the Bill, as to the industries to be aided and that they require the aid; especially as the Government proposes to aid new industries, the necessity for the caution is more reasonable. The Government should be satisfied that there is scope for starting the new industry or for aiding a nascent or existing industry. That is the first condition that should be satisfied and it is then that the Government should try to aid the industry.

"Well, Sir, it is not necessary to go at this stage into the several details, for the Select Committee will go into them and provide the necessary safeguards. But I may say this. One hon. Member said that this Bill was a God-send. I think it is God-send in a way to the community in particular that is being thrown out of Government service. With the true instinct, though perhaps unconsciously, of a statesman the Minister has introduced this Bill just at the nick of time when several members of that community, I mean the Brahman community, will be hard put to find an employment.

[Mr. T. M. Narasimhacharlu]

[14th November 1922]

The question before that community is : how to spend their energy and their intelligence and how to live, and the present Bill gives them the solution, by having recourse to industries. That is a God-send in that way. Only, Sir, I hope that no rule will be framed to prevent them from taking the fullest advantage of this measure when it is actually being worked."

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU :—"No fear absolutely."

Rai Bahadur T. M. NARASIMHACHARLU :—"I thank the hon. the Minister for the assurance. I hope that community will have the fullest advantage of the measure and will reap the full benefits of it. I fully support this Bill as being very timely and as very helpful to our industries."

1-30 p.m. Mr. O. TANIKACHALA CHETTIYAR :—"Sir, the discussion that has proceeded so far is a remarkable tribute to the sagacity of the Minister who introduced this Bill. There has not been a note of discord or disagreement sounded from any part of the House in discussing the Bill now before the House. It is remarkable also in this—and I congratulate the hon. the Minister on that fact—that he is the first to bring into practical shape and to give legislative sanction to the recommendations made by Sir Thomas Holland in the Indian Industrial Commission with reference to State aid to industries in this country. I welcome this Bill because I throw myself back to those days when the glass factory was in existence and which, for want of assistance or on account of the step-motherly kindness shown by the Government, languished and came to an untimely death, for want of such assistance as is now sought to be given by this Bill. Sir, I do not lay as much store by aid in the form of loans as I do by aid in the form of assistance in such simple things as water, firewood, raw materials which the Government can easily give without putting themselves to much loss. For instance, if only assistance in the shape of fuel was given to the glass factory, in which I am glad to say Europeans and Indians were shareholders to a large extent—very rightly they put their faith in the success of such a concern—if only assistance in the form of water and fuel had been given, then Madras would have had the proud privilege of showing to other parts of India what a successful industry it would be. The factory was equipped, with a furnace which was erected by experts imported from Germany, with very tall chimneys, with very deep underground chambers lined with fire clay so that heat to several thousands of degrees could be produced, capable of melting sand, like, what shall I describe, jaggery and from which all glass materials could be made. Several lakhs of soda water bottles could be made in that factory. But in buying machinery which would save human labour—for it was very difficult for men to blow with their lungs the molten glass into soda water bottles—they had to pay very dearly. Thus they exhausted their capital in buying the machinery. The requirement was fuel for burning the furnace and that fuel was not given by Government except under very stringent conditions and the result was that that industry died and the machinery and all the other paraphernalia were put up for sale and they fetched only Rs. 13,000. But the Government paid Rs. 32,000 for the purchase of the same building from the purchaser at auction at the liquidation of the company for carrying on some other industry, namely, the crushing of oil. Little did they know the value of the machinery that was sold for that paltry sum of Rs. 13,000. A sound business man from the northern parts of India, from Allahabad, came here and bought that

14th November 1922] [Mr. O. Tanikachala Chettiya]

machinery for a song and that during the War. Subsequently I learnt to my agreeable surprise that the Company which purchased it for Rs. 13,000 was able to make a profit of rupees ten lakhs from the use of those materials. If only at that time it was possible to have given State aid in the shape of free grants of fuel, or fuel on easy terms, or even to have given loans on the security of the machinery that they were possessed of, that factory would not have come to an end. I am laying great stress upon this incident because I begin to question myself whether this Bill is wide enough to comprise cases of that kind. For I find under section 4 that the aid that can be given is only to new or nascent industries. I do not know whether a glass factory which has been proved to be capable of being worked as a successful industrial concern could be said to be a new or nascent industry or industry to be newly introduced."

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU :—" I assure the hon. Member that it is certainly nascent if it is not new."

Mr. O. TANIKACHALA CHETTIYA :—" I am glad to be assured of it and I hope that the gentlemen who would constitute the Board of Industry would also take the same view. But I began to doubt whether it would come under new or nascent industry, or industry to be newly introduced, or industry which had been introduced already. I raise this point not by way of criticism but as a matter of suggestion to be kept in view when dealing with this Bill in the Select Committee. I want this aid to be made available to all industries. I see in this Bill hope for concerns which otherwise have no chance of reviving—such as match industry, paper industry, cement industry and glass industry ; for each one of them requires raw material which it is in the gift of the Government to give freely or at least on easy terms. Wood is required for match, wood pulp or bamboo pulp is required for paper, limestone is required for cement and nothing but sand is required for glass. If only State aid had been given and if only this Bill had been conceived and given effect to in the years long past by, we should have been in a far better position than we find ourselves in to-day. I offer my congratulations to the hon. the Minister in being the first in the whole of India to bring a Bill into operation giving State aid to industries. With these words, I heartily support the Bill."

The Council then adjourned for lunch at 1-35 p.m. and re-assembled at 2-30 p.m.

Khan Sahib Munshi MUHAMMAD ABDUR RAHMAN SAHIB :—" Mr. President, Sir, I offer my most hearty congratulations to the Minister for Development for this measure of State aid to industries. In every country in the early stages of industrial development Government have been helping industrial enterprises by loans and bounties. The present measure is long overdue. Better late than never. This measure will be of considerable advantage to those that have brains for industrial enterprise but are lacking in financial aid.

" While putting this measure in operation the Government will do well to start a Bureau of Commercial and Industrial Information, so that the enterprisers may know what industries can be usefully started, what markets are in need of their wares and so on. The Government should undertake to secure expert advice in regard to the success or otherwise of the projected industries. Care should be taken not to finance enterprises which may prove mere mushroom growths.

[Mr. Muhammad Abdur Rahman Sahib] [14th November 1922]

"I believe that the present Bill will include in its scope transport industries such as ship-building. In these days of financial stringency only those industries that are absolutely in need of help should be encouraged.

"The natural wealth of the Madras Presidency is so vast and rich that many useful industries can be started and developed. The problem of State encouragement to industries is closely associated with the larger question of protection to nascent industries. There are certain industries which need protection in their infant stages. I believe the Government will have to face this question, if not now, at least in the years to come. Difficulties there will be and are bound to recur, but Government should proceed with courage and conviction. I therefore support this humble beginning in the State encouragement of industries in this Presidency.

"With these few remarks I heartily support this Bill to regulate State aid to industries."

Mr. V. C. VELLINGIRI GOUNDAR:—"Before I give my word of support I have to say a few words with regard to this Industries Bill. The Bill, so far as I understand, is said to be in aid of industries in general. Industries, at present, may be divided into three classes, viz., industries on a bigger scale, industries on a smaller scale, and cottage industries. So far as I am able to gather from the speech of the hon. the Minister, I understand that he is more inclined to develop industries on a bigger scale than the rest. We have enough of the working of the industries on a bigger scale such as the cotton mills, sugar factories and the like. The cotton industry has already advanced to a great extent by the amount of time and money spent on it. As remarked by one of the hon. Members, aid to such sort of industrial advancement will make the country suffer in so many ways. Particular mention was made of the cotton industry. So far as our country is concerned experience has shown that the cotton industry does not require much help from State funds. It is only industries on a small scale scattered in our country that will really benefit the masses of the people. The one argument advanced against the encouragement of the small-scale and cottage industries is that they cannot compete with machine power. Certainly they cannot compete. Our country is not prepared for a competition. It is said that the masses of our countrymen are suffering in many ways. Therefore, in my humble opinion, any measure that is brought forward should be such as to benefit the masses. The mere improvement of capital will bring more distress to the poor. Therefore I would humbly request the hon. the Minister to take into consideration such of the industries as will be located in suitable places and will be self-contained in all points. This alone will solve the economic distress now prevailing in the country. Again, many instances may be cited to prove that most of the newly-started industries fail for want of sufficient expert knowledge and sufficient capital. It is only expert knowledge and experience in research work that play a great part in the industrial advancement of a country. We want expert knowledge more in this department than in any other department. As our country is taking a new step in this branch of work, men with expert knowledge must necessarily be brought from outside. Although the department of Industries has created several factories like the soap factory, match factory, ink factory, glue factory, jam factory and other factories, and, although they may be useful in some way, they cannot be said to be very useful in giving real benefit to the masses of our countrymen. The department of Industries has been

14th November 1922] [Mr. V. C. Vellingiri Goundar]

working for a good length of time, but we do not see that sufficient scope has been given to the department to utilize its full energy in favour of the masses of the country. There are many lines of work which may be started. The manufacture of agricultural machinery is a very important industry. Even for small repairs in the machinery we have to depend upon the big manufacturing firm, or we have to apply to the place wherefrom we got the machinery, and thereby we are put to a great deal of trouble. I will again emphasize the fact that the mere grant of water, plant and firewood will not immediately benefit the masses. Such concessions will only go to be utilized by big industrial concerns. With these few words I appeal to the hon. the Minister for Development to take into consideration the feelings of the masses of the country and encourage the scope of the small-scale and cottage industries so that they may be self-contained and uniformly spread in different parts of the country."

Mr. V. P. PAKKIRISWAMI PILLAI:—"Mr. President, Sir, in supporting this Bill I wish to make a few observations. Some of the hon. Members have referred to the cotton industry. If they look into the statistics issued by the Government, they will find that one-sixth of the cotton that is produced in our Presidency is worked in our mills, and five-sixths is going out of our country, and this cotton industry is paying a good dividend—50 per cent and above. The existing firms are not extending their sphere of work at all, and they do not want industries in the land to be assisted by Government. Cotton industry is one of the staple industries of our Presidency. If any assistance is required at all, it should be given to the cotton industry to a very great extent, so that all the raw material produced in our Presidency may be consumed in our country alone. We ought to see that more and more mills are established, and all our raw produce is consumed in our country and articles sold to our own people at reduced prices. This industry requires very big capital. For small industries Government aid in the shape of money is not at all necessary. For instance, only expert advice and assistance are required in the case of cottage industries and not aid in the shape of money. We have to compete with big European capitalists in the cotton industry. This industry further requires good organisation. Therefore, we want Government aid not only in the shape of money but also in the shape of advice and supervision. Many companies had to be wound up for lack of sufficient supervision. So, some sort of supervision by Government is also necessary. Of course, Government aid is needed, if it is needed at all, in such big industries as the cotton industry. If the five-sixths of the cotton that is exported from our Presidency is worked here alone, it gives work to so many poor people.

"Some of our friends are afraid that our agricultural industry will suffer by improving the cotton industry. But agricultural industry requires labour only for a limited period of the year, i.e., from three to six months in the year. We know that in Bombay all these agricultural labourers resort to the cotton mills during the period when they are not engaged in agriculture, and as soon as rains set in they engage themselves in agriculture and there will be other people to take their places. In this way the agricultural industry need not suffer on account of other industries.

"Again, the moral aid of the Government is also required. We are not well organized; our social and economic position is very low at present. To improve these we require money. Money, of course, can be got by the

[Mr. V. P. Pakkiriswami Pillai] [14th November 1922]

improvement of industries. With that money we can give more liberal education to our children and with that our morality also will increase. Our morality being very low at present on account of our backwardness in education and other matters, it requires assistance (laughter). For instance, municipalities, taluk boards and other autonomous bodies are granted to us, but what do we see? Parties are formed; factions are formed."

The hon. the PRESIDENT:—"Order, order. The hon. Member is not speaking on industries at all."

Mr. V. P. PAKKIRISWAMI PILLAI:—"The fact that our morality is low is clear. We are ruled by our benign Government for a century and a half and of course, they have introduced many reforms. They have restored peace and order. But with all that, what is our economic position? The English are said to be the foremost nation in industry and commerce and they have not introduced them into our country to such an extent as is desirable. Thus to improve our industries we require the aid of the Government. With these words I support the introduction of the Bill."

Diwan Bahadur M. RAMACHANDRA RAO PANTULU:—"Mr. President, Sir, I believe that the principle of this Bill has been under consideration in India at least for the last twenty years. Indian public opinion has always endorsed the idea of State aid to industries in view of the economic position of this country, so that the unanimous approval of the principle of this Bill in this House is certainly not at all a matter of surprise to any hon. Member. It is true that there has been some amount of difference of opinion as to the objects of this aid. My friend Mr. Vellingiri Goundar practically confines it to cottage industries. My friend Mr. Pakkiriswami Pillai says that only bigger industries must receive State encouragement. I think that both hon. Members are right in their respective views. We need not for this reason have a discussion at the present stage as to the exact way in which this Act should be administered. The principle embodied in the Bill has been contended for in industrial conferences and in all assemblies dealing with industrial subjects for at least two generations and, as some hon. Member has stated, this Bill has not been introduced a day too soon and probably the opportunity for introduction of this Bill is the much vexed diarchy under which my hon. friends have now at least a free hand to put forward a measure of this kind. Mr. MacDougall, whom I do not see here now has complained that there is a certain amount of suspicion as regards the attitude of the European commercial community towards industrial matters in this country. I may perhaps tell him that this question of State aid was brought up in the pre-reformed Council any number of times. The Madras Government called for a conference in 1908, as referred to by the hon. the Minister, and as a consequence of that, it was decided that State aid should be given in some form or other; but on account of the opposition of the European industrial community which was given expression to in the *London Times*—which paper now advertises this Bill also—the decision of this Government was finally vetoed by the Secretary of State. The *London Times* is, no doubt, a very powerful organ. But the people in this province have to judge on merits any measure that is placed before this Council by my hon. friends in pursuance of their policy rather than from what appears in the *London Times*. I may say that this object was defeated largely by the attitude which the European Commercial Members then in this Council took, and I must now congratulate my friends

14th November 1922] [Mr. M. Ramachandra Rao Pantulu]

who have changed their views in this matter. Like all other people, they are also changing their views and are thinking that a certain amount of co-operation between the Indian commercial communities and themselves is very desirable. From this standpoint, I welcome the statement made by my friend Mr. MacDougall.

"Now coming to the merits of this measure, as I have already said, the principle has not been disapproved by any body in this House. But there are a few questions which I wish to raise in this connexion. The first is, how is my hon. friend going to finance the industries which the committee may decide to recommend? The difficulty which some of us feel is this: the objects on which loans can be floated by provincial Governments with the concurrence of the Government of India are stated in the Devolution Rules and amongst those objects industrial enterprises are not mentioned. The purposes mentioned there are, 'to meet capital expenditure on the construction or acquisition of any work' and so on, 'provided (i) the proposed expenditure is so large that it cannot reasonably be met from current revenues' and so on; again 'to meet any classes of expenditure on irrigation which have under rules in force before the passing of the Act been met from loan funds; for the giving of relief and the establishment and maintenance of relief works in times of famine or scarcity: for the financing of the provincial loan account', etc.

"The question that I should like to ask is, under which of these categories the loans which my hon. friend the Finance Member might float will come. He tells us that he has no legal difficulties. We should be sincerely glad of that assurance. As soon as the Bill is passed, there will be applications for Rs. 50 lakhs and more in the way of loans. My hon. friend Mr. Appaswami Nayudu has already given notice that in the southern districts he and his friends wish to float a number of big concerns. And I am told that in Tinnevely, people are waiting for this Bill to be passed to apply for big loans. The demands upon the Local Government for loans under this Bill will be somewhat considerable and therefore the question of financing these loans is an important one. I only wish to invite attention to this aspect of the matter as to how loans are to be given, and if the hon. Member in charge of this subject assures us that there will be no legal difficulties, we shall be very glad to have his assurance.

"Sir, there are one or two other remarks that I wish to make. I think it was my friend Mr. Arumainatha Pillai who said that this Bill ought to be more elastic. And my friend Mr. Etirajulu Nayudu more or less made some remarks to the same effect. I have some apprehension with reference to this measure, more especially with reference to the rule-making power that has been conferred on Government under this Bill. Sir, many Acts have been ruined by wide powers which have been conferred on the Government for rule making. The Reforms themselves are an example of this kind. We had two measures conceived with the best of intentions in this Presidency. I am referring to the Agriculturists' Loans Act and the Land Improvement Loans Act, which time after time have come up in this Council for examination. They have remained more or less stationary. It was stated that the machinery devised for the purpose of distributing these loans was too elaborate and intricate and for these reasons the agriculturists rather shunned taking those loans; and there are too many subordinates to deal with.

[Mr. M. Ramachandra Rao Pantulu] [14th November 1922]

These things we have stated more than once, and I trust that whatever may be the state of things with reference to those enactments, this Bill will not be open to that charge. I think there is considerable power vested in Government under this Act. They can appoint two directors, they can inspect the premises, have the accounts audited and they may even recover the arrears under the Land Revenue Act. Therefore it is a question whether we cannot make the Bill more elastic.

"I think Mr. Ramalinga Reddi said something about the sowcar and how steps should be taken to protect the Government. In the circumstances mentioned in this Bill, I think industrialists will not be able to obtain loans on easy terms. There is something like too much of Government interference in these matters. If I am to express an opinion on this matter, I should like to have some machinery such as that of granting loans on collateral security without mortgaging the whole of the premises and granting loans on easy terms, avoiding a number of references to the Collector of the district. I think the success of this measure will very much depend upon the way in which it is worked.

"There is only one other remark I should like to make, that is, with reference to water-power. My friend Mr. Vellingiri Goundar made a statement that water-power is not of such great importance and that it does not require State aid. I beg to differ from him."

Mr. V. C. VELLINGIRI GOUNDAR:—"I did not say water-power. I said water from tanks, lakes and rivers."

Diwan Bahadur M. RAMACHANDRA RAO PANTULU:—"Well, as regards water by itself, I may perhaps inform hon. Members that a paper mill is being constructed at Rajahmundry and the Government can effectually block the further success of that measure if they refuse water to the mill from the Godavari. I understand that the directors of that concern have been interviewing the Government to give them facilities for water. If the Government do not give those facilities, a concern in which 15 lakhs of rupees have already been sunk and for which another 15 lakhs have been raised, will be effectually put an end to. As regards the question of water-power also, I think that it is a question which requires very serious consideration. On the whole, Sir, I beg to express a hope that if this Bill be passed it will be worked with a certain amount of elasticity. Mr. Alexander said that he would like to have all applications for loans brought up before the Board. I must express my emphatic dissent from that view.

"If such applications are to go before the Board, which will meet once in a month, and then these applications are put off from month to month, I am perfectly certain that the object of this Bill will be fully frustrated. I do think that in smaller matters the Director of Industries advised by his experts should have a certain amount of liberty to deal with them. I think that this remark by two of my hon. friends that every application should go before the Board is about the surest way of defeating the objects of this Bill. I therefore think that a considerable amount of sympathy, latitude and elasticity will be required in promoting the objects of Bill.

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU:—"Sir, my first duty is to thank this House for the extreme kindness with which it has received this Bill and for the very kind words they have said of this Bill and of me. As regards myself, Sir, at a later stage I may have occasion to pass

14th November 1922] [Mr. K. Venkatarreddi Nayudu]

on all those thanks and congratulations to those but for whose help I should not have been able to bring this measure in its present shape before this House. However, I must heartily thank all those members of the House who have so approvingly spoken of this Bill.

“So far as the principle of the Bill is concerned, there is no dissentient voice at all. On some of the details, no doubt, there have been some criticisms and I shall refer to one or two of them in the course of my reply. My hon. friend Mr. Ramachandra Rao has certain apprehensions regarding the working of the Bill—whether the Government have got power to borrow money to advance under this Act, whether the Bill does not impose too many restrictions upon those that are likely to be benefited by it, whether this Bill might not share the same fate as the Agriculturists’ Loans Act and Land Improvement Loans Act, and so on and so forth. I may assure him that these difficulties need not disturb his mind any more than the advertisements in the *Times* of London. Sir, as regards the first question about loans, it was carefully considered by the Government and a reference was made to the Government of India. Under Devolution Rule No. 2, the Local Government ‘may raise loans on the security of the revenues allocated to it for any of the following purposes’ and clause (d) is the one applicable to this—Provincial Loan Account. If my friend would refer to the Provincial Loan Account Rules, he would notice four clauses one of which is that which is provided by any Act. Now that this Bill is here, if it is passed it becomes law, and under that clause any provision for these loans would be a matter provided for in an Act. Therefore that difficulty is got over. More than that, the question has been examined recently by the Government of India, and in regard to those four clauses which I referred to in connexion with the Provincial Loan Account Rules they said that they did not bind the Local Government at present and that the Local Government have got absolute powers of borrowing in matters like this. The Bill itself was sent to the Government of India with the provision for empowering this Government to give loans, and of course the Government of India must have been aware that we cannot give loans from our ordinary revenues and that loans must be given from loan funds. So, when the Government of India gave their sanction, it must be presumed that they have also examined this question before they gave the sanction.

“As regards the restrictions referred to, I think the question has been answered by my friend Mr. Ramalinga Reddi. More than once I have emphasized the fact that this Government, at any rate the responsible portion of it,—I mean no offence to my reserved friends—have always held the position that they are the trustees of public funds, the funds of the people of this land, and that these funds are being applied to certain particular purposes. Such restrictions are placed solely with a view to see that these funds are properly applied and that they are not misapplied. That those who are responsible for and anxious to see the development of industries in this land wanted to keep powers in their own hands which might have the effect of nullifying or making the provisions of this Act a dead letter is not, I think, a fair charge to be levelled against them.

“Then, Sir, I should refer to some other criticisms that were mentioned in this very connexion. My friend Mr. Arumainatha Pillai asked me whether there is any provision in any other Act—and he pleaded as exactly as a lawyer he is—which corresponds to clauses 4 to 16.”

[14th November 1922]

Mr. T. ARUMAINATHA PILLAI:—"I am afraid the hon. the Minister has not quoted me correctly. I have never referred to any Act. I said that the provisions of this Bill are in contradiction with the Indian Companies' Act. I never referred to any other Act.

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU:—"Clause 16 on which he based his argument that there is too much restriction was itself based on the practice just now prevailing in England. There is in England a Board of Trade which recently passed certain rules in order to guide the grants to be made to the British Dyes Limited, and this section was carefully drawn up, keeping in view the provisions of those rules. So, at any rate, it cannot be said that this is altogether an innovation.

"Then, Sir, there are one or two matters to which reference should be made. Attention has been drawn to sub-clause (b) of clause 3-15 p.m. 4 where provision has been made for assistance being given to established industries in areas where such industries are not found at present. Well, Sir, that is based again upon the report of the Industrial Commission. I refer to paragraph 294 in that report. It is further stated:

Finally it may be found that the extension of an existing industry to a new locality will benefit the local consumers or producers so markedly as to merit Government's assistance.

"That, I think, Sir, is the opinion of the board specially appointed, a board consisting of eminent men like Sir Thomas Holland and others, and I may also add that, if Mr. Alexander were here, I should have drawn his attention to the fact that out of the ten members of that Commission six were eminent Europeans, gentlemen having sufficient knowledge of European trade and industries. Then, Sir, the other objection which came from this side of the House was with reference to the circumstance that no provision had been made to protect the interests of the Indian companies. I may at once tell the House that, in framing this Bill, it was our main object to see that no considerations except the welfare of this country as a whole, except the development of the industries of this country, had ever entered into our heads. Questions of race, language, or any of these things never entered our heads. Now, one word must be said with reference to this 'European capital'. It may be stated that it is one of the accepted canons of political economy that capital crosses frontiers and I find to-day the commercial and banking system developed so far that there are many countries in the world which are developed purely with foreign capital. It would be folly on our part to refuse to be benefited by foreign capital or foreign assistance, whether it is in the nature of business capacity or scientific knowledge, or whatever it may be. The question has not been put here, but there is provision under rule 18, clause (1), in which power was taken by Government to frame rules for the purpose of determining to what industries they would extend the principles of this Bill. Now, Sir, the Government have not yet considered the question of foreign capital and, if my own personal opinion is wanted, it is sufficiently clear in my evidence before the Fiscal Commission. It will be remembered there I have stated that there are four or five conditions which should be observed before any such assistance is given. One of these is that the capital of any concern should be upon the rupee basis, not upon the sterling basis. The second condition that I would personally impose is that the Managing Director should live in this country. The third is that a certain number of shares should be reserved to Indians. The fourth is that

14th November 1922] [Mr. K. Venkatarreddi Nayudu]

there should be a corresponding proportion of Indian directors appointed on the Directorate. The fifth is that Indians should be allowed to be trained in these factories and industrial enterprises so that they may gain practical knowledge. I was telling you just now that these questions have not been considered by Government as a whole, but when actual applications of the principles comes in, these questions will have to be considered and you may take it from me that I will press all these five conditions whenever they arise. On the success or failure of my endeavours in pressing these points it is not for me to say anything, but I will place these five points before them.

"The next objection referred to is clause (3) regarding the constitution of the Board. All that I can promise at this stage is that every care will be taken in appointing members to this Board; for Government are aware that real work of this State aid lies more or less in the hands of this Board. Associations to which reference has been made by Mr. Alexander such as the Chamber of Commerce, the South Indian Chamber of Commerce and the Trades Association, must necessarily have their say in the matter, in fact in the elected portion. Reference in the Bill will be found to a Board which shall consist of representatives of banking, industrial and other recognized commercial organizations. They will have the right to vote and to elect a certain number of members to this Board. The three associations mentioned by Mr. Alexander do come within the scope of that Board. I have not much more, Sir, to say. The rest are matters of detail and I am sure the Select Committee to be appointed will go into these questions and I hope the House will leave it to the members of the Select Committee to discuss all those matters. I have only once more to thank the hon. Members of this House for the great kindness with which they have received this Bill."

The motion that 'A Bill to regulate State aid to Industries, 1922, be read in Council' was put to the vote and carried unanimously.

The Secretary then read the title of the Bill.

The hon. Rai Bahadur K. VENKATAREDDI NAYUDU:—"I beg to move that the 'State Aid to Industries Bill, 1922' be referred to a committee consisting of the following Members of this House:—

- (1) The hon. Sir Charles Todhunter,
- (2) " Mr. K. Srinivasa Ayyangar,
- (3) Mr. A. Y. G. Campbell,
- (4) Johu Mathai,
- (5) C. V. Venkataramana Ayyangar,
- (6) Khan Bahadur Muhammad Sadulla Badsha Sahib Bahadur,
- (7) Mr. A. M. MacDougall,
- (8) " W. Alexander,
- (9) " O. Tanikachala Chettiyar,
- (10) " C. P. Ramaswami Ayyar (Advocate-General),
- (11) Sir P. Tygaraya Chettiyar,
- (12) Rao Bahadur V. A. Vandayar,
- (13) Mr. B. Muniswami Nayudu,
- (14) Diwan Bahadur M. Krishnan Nayar,
- (15) " Govinddoss Chathurbujadoss,
- (16) " K. Suryanarayanamurthi Nayudu,
- (17) Mr. V. Pakkiriswami Pillai, and
- (18) the Mover (the hon. Rai Bahadur K. Venkatarreddi Nayudu)."

[14th November 1922]

Rao Bahadur A. P. PATRO seconded the motion.

The motion that the Bill be referred to a Select Committee was put and carried.

V

A BILL TO PROVIDE FOR THE REORGANIZATION OF THE MADRAS UNIVERSITY, 1922.

The hon. Rao Bahadur A. P. PATRO:—"Sir, I beg to move that the Bill to provide for the reorganization of the Madras University be read in Council. As Minister of Education, I am responsible to the Legislative Council and through this House to the people of this Province not only for the reorganization of University education but also for the expansion and development of elementary and secondary education. The Elementary Education Act was approved by the Governor-General in November 1920. After the Reformed Council came into power, District Educational Councils were formed in whom powers were vested to examine the conditions of each locality and provide measures for the expansion of elementary education among the masses. Rules necessary for carrying out the various provisions of the Act were circulated to the public and in consultation with those responsible for the work rules for working the Act were issued. Full freedom is given to the district educational councils to frame curricula and course of studies in elementary schools. Freedom is given in the matter of school accommodation. Looking into the duties of district educational councils, you will find section 24 of the Act is very comprehensive. Section 41 of the Act entitles the manager of any school under private or public management desiring that such school shall be recognized as an elementary school to submit an application in the prescribed form to the educational council. A statutory fund, the elementary education fund, is constituted for each local authority in every district. With the previous sanction of the Government any local authority for which an elementary education fund has been constituted, may levy a tax within its area under conditions laid down in section 34 to which Government will contribute an equal amount under section 37. Though the district educational councils have come into existence fifteen months back some of them have been doing excellent work. Mushroom schools are weeded out, training is chastened and concentrated and new institutions spring in their place. Eight municipal councils, after careful deliberation, adopted free and compulsory system of education for boys and one both for boys and girls. Some other municipal councils are considering the subject and before long greater appreciation of the responsibility will be possible, while some local boards about 72 in number have resolved to levy an education tax for expansion of education. Alongside the expansion of elementary education, Government encouraged manual training in the schools and lessons in elementary agriculture for which primers have recently been drawn up. In the budget, provision was made under compulsory education while an increased provision will be found for expansion of elementary education. Elementary teachers have been graded and large improvement was effected in their salaries. The work is steadily progressing. Development on sound and progressive lines is the policy of the Government, that the elementary education may be more useful and practical. In the field of secondary education, a committee of this Council was appointed to go into the whole question of secondary education and the complete report is awaited. In the meanwhile in order to co-ordinate the work of the

14th November 1922]

[Mr. A. P. Patro]

secondary schools in the districts and to encourage hostel system on co-operative basis to associate the teachers and managers in the organization and administration of the secondary education in rural areas, a district secondary education board will soon come into existence. Power was delegated to managers of public schools in the matter of selection of text books on certain terms; a grant-in-aid is given to struggling schools in aid of helping the salaries of teachers. A provident fund system has been devised to aid the school masters in aided and public schools. Facilities for decentralising the educational work are provided in the re-organization of the superior and subordinate inspecting staff, while the Deputy Inspector will be solely responsible for and work with District Educational Council, the District Educational Officer will work with the secondary education board as its secretary. It is under consideration to split up the present Secondary School-Leaving Certificate Board and form more than one to meet the vast area of the province. The cause of vocational education is being advanced gradually. In the lower forms it is being made almost obligatory while in the higher forms, facilities are created for giving a training to create a bias for further vocational education in technical schools. Managers of high schools were invited to prepare schemes most useful and profitable to the locality. These schemes are examined by the expert advisers, local investigation is made and the schemes are then sanctioned if they are found to be useful. It is a matter of satisfaction that these educational ideas are gaining ground. The provision in the budget under this head indicates the policy of Government to make steady progress in the work. Another educational problem relating to the position of the Intermediate in Arts will be taken up in discussing the report of the Secondary Education Committee and the recommendations of the Academic Council under the new Act. I may however refer you to a resolution of the Senate passed at its meetings held on 4th and 5th March 1921: 'That the Government be requested to appoint a Committee of both University and Government nominees to consider the relation between the University-courses of study and examinations and the qualifications required for entering the Government Service.' This recommendation will be examined further when the courses of study for the University Degree are determined. It will be one of the important functions of the Academic Council to determine this aspect of University education. Thus elementary and secondary education is being carried on as well as it could be.

“The Madras University has been moulded by circumstances on which it has had little control and had produced distinguished men among its alumni. Two things however are apparent: it has not yet succeeded in creating an academic atmosphere and a feeling of corporate unity among the institutions of which it is for certain purposes held to be constituted. In the struggle to make the examinations lighter, the period of training shorter, the question whether students emerge from the secondary stage of education properly fitted for a university course has commonly been neglected. At the same time, courses of study have increased and multiplied with the result that collegiate education has become more expensive and ‘Literaræ Humaniores’ have found serious rivals in special studies which are adopted largely without any reference to the choice of a career and merely as easier methods of securing the necessary certificates

3-30 p.m.

[Mr. A. P. Patro]

[14th November 1922]

or diplomas. Such attempts as have been made to foster research or post-graduate study have met with a small measure of success, and the pursuit and encouragement of learning and scholarship for their own sake can hardly be said to exist under the system.

Idea of a Teaching University in Madras.

"In announcing a non-recurring grant of four lakhs of rupees to the Madras University in March 1912 and in giving a recurring grant of Rs. 65,000, the Government of India declared its policy with regard to the reconstitution of the universities on a teaching basis and proposed to the Madras University that a definite step forward towards the realization of the idea of a teaching university for higher work and to improve the inspection of colleges might be taken. The Senate discussed this policy enunciated by the Government of India on the 25th October 1912, and, in conformity with the policy of the Government of India, proposed that the university should undertake lectures upon advanced studies by specialists from Europe and India, if possible in conjunction with other universities, and agreed for the erection of a library building with lecture-rooms attached to it, and purchase books and manuscripts for a university library. A university professorship in Indian History and Archæology was also proposed to be inaugurated in addition to three university professorships in Sanskrit, Tamil and Telugu. The Governor in Council while reserving his opinions as to the lengths to which the idea of a teaching university may be pressed with safety to the interests of teaching in the colleges, provisionally agreed with the proposals of the Senate to increase the university teaching. It was suggested that the Senate should encourage post-graduate and research work in certain subjects, such as Sanskrit and vernaculars, as well as in Indian Economics, Indian History and Archæology and other special subjects as helpful for post-graduate study. While the Government of India was determined to adopt the recommendations of the University Commission and to reconstitute the universities as real teaching universities as far as possible, the Senate after careful deliberation resolved that development of higher study and research in Madras should begin with study of the languages of Southern India and with university lectures for post-graduate courses. The Government of India made a grant of five lakhs of rupees to the university for capital objects connected with the development of university work and a recurring grant of Rs. 65,000. The Government of Madras in the same year sanctioned the payment to the university of a sum of Rs. 1,24,000 towards the construction of a university library and lecture-rooms. The university reserved the non-recurring grant for the construction of new university buildings and for accumulating the recurring grant. Thus a considerable portion out of the grant was capitalized as a means of providing for future revenues. The accumulations therefore under various heads of revenue contributed by the Government of India and the Madras Government amounted in 1913 to a non-recurring capital sum of Rs. 6,24,000 and a recurring grant of Rs. 65,000 a year, which has now accumulated to about Rs. 2,75,000. The total amount under the head of Non-recurring Grant amounts to Rs. 8,25,000 at the end of the current year, and the total amount under the Recurring Grant amounts to Rs. 3,25,000. Since then Mysore separated herself from the Madras University, and Travancore may soon have

14th November 1922] [Mr. A. P. Patro]

its own university. Andhra is seeking to have its own university. Thus the process of division and decentralization has already begun.

The Senate on the Calcutta University Commission Report.

"After the publication of the Calcutta University Commission Report in 1919, the Senate with commendable earnestness and enthusiasm took up the consideration of this important matter. At its meeting held on 25th October 1919, it was resolved that a committee of the Senate be appointed to report upon the changes desirable in the University Acts and Regulations in view of the recommendations of the Calcutta University Commission and to present to the Senate proposals for such changes in the form of resolutions. A general committee was appointed for the purpose. Accordingly the committee met to consider the matter and appointed several sub-committees to deal with various departments. The sub-committee that dealt with this question of the reorganization of the university recommended the adoption of the main features of the constitution for the University of Dacca and the authorities proposed for that university, namely, the court, the Executive Council, the Academic Council, the Faculties and other declared authorities for the University of Madras subject to such modifications as may be necessitated by local conditions. The recommendations of the sub-committee were considered and approved at the general meeting of the committee. The Senate, after full discussion of the recommendations, passed the following resolutions at the meetings held on the 4th and 5th March 1921 :—

Senate resolves upon Co-operative Teaching and Residential University.

"*Resolution No. 13.*—That by a system of co-operation between the colleges, and between the colleges and the university, the teaching resources which exist in the city be organized in such a way as to create a real teaching university.

"*Resolution No. 15.*—That the affiliating functions of the university in regard to mufassal colleges be regarded as a subsidiary and as a more or less temporary order and that a mode of organization be adopted for the mufassal colleges which will encourage the gradual rise of new university centres by the concentration of resources for higher teaching and research at a few points.

"*Resolution No. 17.*—That there be in the university a Department of Education and that it be a recommendation to the Government; that the Teachers' College, Saidapet, may be brought into conformity with the scheme outlined by the Calcutta University Commission.

"Again on 15th October 1921, the Senate passed the following resolution :—That the Senate is of opinion that the time has come when the increasing demand for liberal education in this Presidency should be made by the establishment of more universities and by the redistribution of territorial area of the existing university so as to provide as far as possible at least one university for each principal linguistic area within the Presidency; and that the establishment of a university for the Andhras should be taken in hand without further delay.

The action taken by the Minister.

"On receipt of these resolutions of the Senate the matter was referred to the Syndicate again requesting that body to make detailed proposals for

[Mr. A. P. Patro]

[14th November 1922]

introducing legislation on the lines adopted by the Senate. The Syndicate, in accordance with the resolutions of the Senate, submitted proposals for the reconstitution of the university. The proposals of the Syndicate for the reconstitution of the University of Madras are almost identical with the proposals contained in the Dacca University Act.

The problem of University Reform, its complexity.

"The problem of University Reform in Madras is not an easy one. At the present time there are 57 colleges affiliated to the University of Madras. Of these, 12 are located in or near the neighbourhood of Madras, one affiliated up to the Intermediate standard, six affiliated up to the B.A. Degree standard, two affiliated for the L.T. Degree Examinations and one affiliated for Medical Degrees, and one for the Engineering Degrees. Of the remaining 45 institutions which are outside the City of Madras, 31 are affiliated up to the Intermediate standard, 12 up to the B.A. Degree standard, one up to the L.T. Degree standard, one up to the B.L. Degree standard. Some of these colleges are in Native States, Hyderabad, Travancore, Cochin and Pudukkottai, while two are situated in the Civil and Military Station, Bangalore, a tract under the control of the Government of India. The colleges in the City of Madras are highly developed in the matter of teaching and equipment. Most of them have formed long tradition and close association exists between the students and the teachers of individual colleges. Hostel accommodation is also provided in most of these colleges. Little more than half the number of the university students are studying in the colleges within the City of Madras, but the colleges are isolated and are considered to be self-contained and self-dependent without any organic connexion within the university, or with other colleges in the city. There is a kind of intellectual loneliness among the professors and teachers. Their learning and experience is not capable of expansion nor is it possible of utilization for a wider area than the college. Beyond the college life there is no university-life nor an academic atmosphere. Cultural side of educational life is not capable of development. It is therefore found desirable that 'a new synthesis has to be found between

3-45 p.m. the university and its colleges wherein the university will not be something outside of and apart from the colleges as it is now, but the colleges will be in the fullest sense members of and partners of the university, a system wherein the university will be really responsible for the character of the teaching given in its name and will realize that it is the training given to the students which is of primary importance and that the examinations which test this training are of subsidiary importance, a system wherein the colleges while stronger and freer than they now are and able to command more fully than ever, the loyalty of the students will neither be tempted to rival the university or claim independence of it, nor have reason to feel any jealousy or fear of it, or regard it as a competitor. The colleges must fulfil conditions different in some respects and in general much more exacting than the existing system imposes upon them. They must be prepared to work in harmony with one another and with the university to an extent now unknown. The colleges should strive after a higher ideal of being free co-operating partners in a great enterprise each making its own distinctive contribution to the common strength and each enriched by the strength of its fellows. The colleges must be given every

14th November 1922]

[Mr. A. P. Patro]

ground for realizing that their prestige, security and influence over their students will not be diminished. A scheme was therefore to be prepared for a university of colleges, or a co-operative teaching university. The university must not be a competitor with its colleges but it ought in various ways to supplement their resources. This system has to be brought gradually into operation. Therefore the requirements to be made on the colleges which propose to take part in a co-operating system of teaching such as is intended in the resolution of the Senate must necessarily in many particulars differ widely from those which are held to be necessary under the affiliating system whereunder every college is normally responsible for the whole of the instruction given to its students. The organization of efficient co-operation between colleges and the university is the aim of the proposals put forward by the resolutions in the Senate. It will certainly take time to bring it into effective operation, but it is necessary that a beginning should be made. In the meanwhile the conditions as to what functions of the university and of the colleges should respectively be in this system, are to be properly understood. Upon the university would obviously fall the responsibility of organizing the co-operative system of lecturing of the colleges and contributing their share and the university making provision for the filling of gaps as well as for the avoidance of needless reduplication and over-lapping. Upon the colleges would fall the responsibility not less important. They would of course have to provide their share of the total lecturing staff giving instruction to the whole university. They will have to provide courses of lectures and classes for their own students. But besides these functions which are not unlike those that fall upon the colleges in the existing system, they would have under the new system other not less important functions which are not now provided for at all. These functions are indicated in paragraph 52 of Chapter 34, Vol. IV of the reports of the Calcutta University Commission and in the functions specified in section 13 of the Bill, the new Academic Council will have the task of laying down detailed ordinances.

Principles of reform.

“ After a careful examination of these principles, a draft Bill was prepared and was circulated to certain members of the Syndicate and the public for their criticism. On the principles of the draft Bill, there was consensus of opinion. The main principles underlying the Bill were that the colleges in Madras were to be constituent parts of the academic body the university, and Madras should possess a teaching university with power to regulate higher education. It was proposed that while the existing university should be reorganized, it should continue to exercise its present function as an examining body for mufassal students in the Presidency of Madras and should establish closer relations with the colleges in Madras giving to the authorities of all the institutions a larger share in the Government of the university and seek in other ways to co-ordinate and control higher education in Madras on the lines of the reconstituted university of London. The individual character of each college is secured and inter-collegiate combination is made possible and in addition to the advantage of a unified control the advantage of a supply for the whole of what is lacking in the parts was secured. It was considered essential that the teaching function should be limited to a ten-mile limit and that for higher learning and research provision should be made by the university and provide facilities for university

[Mr. A. P. Patro]

[14th November 1922]

teaching. Though the university professors ordinarily work at the headquarters they are to visit the mufassal colleges and supplement higher teaching in them and professors in mufassal colleges will have the opportunity of being appointed as university professors, thus co-ordinating their work with the university. There would be considerable work for a whole-timed salaried Vice-Chancellor. It is very necessary if the university is to undergo the effective reorganization as a Teaching and Residential university which is intended. The work in the first few years will be very heavy for the Vice-Chancellor. Most of the professors will be doing university work. There will be considerable co-ordination and pooling in teaching. Reorganization must be carried out effectively.

Reference to Syndicate and the Senate.

“In accordance with the views expressed the Draft Bill was referred to the Syndicate as a whole for its criticism. The Syndicate replied that as the views of a large number, if not the majority, of the members of the Syndicate have been obtained on the Bill, requested permission to refer the Bill to the Senate to express its opinion. In accordance with that request, the Bill was referred to the Senate. The Resolution of the Senate was ‘That there should be established a Teaching and Residential University of Madras with constituent colleges within the limits of that university as soon as arrangements have been made for the simultaneous establishment of similar Teaching and Residential Universities at other educational centres within the sphere of the University of Madras as constituted prior to the commencement of this Act.’ In other words, the Senate, of whom 51 out of 100 members were present at the meeting, by a majority of three, practically approved the principles of the Bill, but thought other universities should be established at the same time. After the Senate meeting, a conference of some of the principals of first-grade colleges in the mufassal was held on 16th August 1922 at which colleges in Trichinopoly, Mangalore, Madura, Masulipatam (and Vizianagram) were represented (Vizianagram by a letter). All excepting the representative of Trichinopoly approved generally the principles of the Bill and all except Trichinopoly agreed to the formation of a Council of Affiliated Colleges and agreed also that it was undesirable at present to have separate examinations and courses of study for the Madras and mufassal colleges. The representative of Trichinopoly said that he desired that provision should be made in the Bill for simultaneous development of other universities in Southern India. He desired to have some form of superior recognition being granted to colleges or educational centres which are likely to develop early into new universities. Again, on the 19th August 1922, the principals of the first-grade colleges, the Presidency College, the Teachers’ College, the Pachaiyappa’s College, the Madras Christian College and the Wesley College were requested to meet for discussing the question. After full discussion, the Bill was agreed to. The relation between the colleges and the university is to be that the university will express itself in and through the constituent colleges. The Bill was thereafter published for opinions from all those interested in university education. Some members of the Legislative Council representing northern and southern districts have also assisted me with their opinions in support of the Bill. The views expressed in the leading columns of the press are all known to you. The ‘London Times’ Educational supplement, dated

14th November 1922]

[Mr. A. P. Patro]

2nd September 1922, observed 'Madras is the first of the three Presidency Universities to be the subject of a published Bill designed to alter fundamentally the basis upon which they were each founded 65 years ago. . . . The study of the Draft leads to the conclusion that the Education Minister is to be congratulated upon the care and sincerity with which he seeks to apply to Madras the sound principles expounded in the Sadler Report.'

"Constructive criticisms from every quarter were carefully considered and a final Draft was prepared for the approval of Government to be placed before the Legislative Council. Permission of the Government of India was obtained to introduce it into the Legislative Council.

Necessity for fresh direction in University life and work.

"All reasonable opinion is clear that a fresh direction should be given to the University, and that it is time that a serious endeavour is
4 p.m. made to provide for more direct teaching by the University and to bring the colleges of the University into more intimate contact with the University without interfering with the independence of the colleges. Such a principle could only be realized if the teaching functions of the University be limited to a narrow territory and such teaching at present is possible only in constituent colleges and for higher or post-graduate learning or research, provision should be made by the University by the appointment of University professors and laboratory and library facilities being provided for. In order to realize the unity of the University teaching whether undertaken by the University direct through teachers appointed by itself or whether such teaching is given by teachers appointed and paid for by the constituent colleges, the teachers in constituent and affiliated colleges should also be recognized as University teachers and such teachers should form a large and important portion of the members of the University. In fact, the Academic Council, which will hereafter have the direction of students, prescribe standards of teaching and examinations and will consist mostly of such teachers and the teachers of the University. 'In the nature of things such constituent colleges cannot be located at a distance from the seat of the University and therefore be located within a certain mile limit.' The constituent colleges will be the colleges, arts or professional, in or round about Madras. It is necessary at present to maintain affiliated colleges which are not or cannot become constituent colleges and the students there, subject to the statutes and ordinances, should have the privilege of appearing for University examinations. The examinations for both sets of students will be the same and the subjects which can be allowed as University course of studies in affiliated colleges may be the same.

Beginning must be made. Status of mufassal colleges.

"The Statement of Objects and Reasons fully sets forth the detailed provisions of the Bill and I need not take your time in discussing the same again. It would indeed be a mistake to under-rate the value and importance of the mufassal colleges. Most of them have been doing splendid work, but the difficulties to incorporate them within the University have already been noted. The whole policy underlying the Bill is to make a beginning of a co-operative teaching University where there are facilities for such purpose and to concentrate the energies in the mufassal in such a way as to develop suitable centres for the formation of other Universities. The University of

[Mr. A. P. Patro]

[14th November 1922]

Madras as constituted will be only a beginning and you will realize that it is wise to begin at a place where materials are ready and available for making a beginning for the gradual evolution of a teaching University. While I realise that the mufassal colleges should naturally have apprehensions about their future, I may assure them that it is far from my desire to minimise their importance or to under-rate their work. Provision is made in the Bill to safeguard their present status which is maintained as affiliated colleges. No decision affecting the status of an affiliated college shall be arrived at by Statutes except after consultation with the Council of Affiliated Colleges. By concentration and co-ordination of resources over higher teaching and research at suitable centres other Universities will be established. The Andhra University Committee submitted its report which is under the consideration of the Government. A similar question for Dravida country may soon arise. Students shall be eligible for admission to a course of study for the Degree Examination with a pass certificate in the Intermediate in Arts Examination of Madras or an examination recognised by the University as equivalent thereto and possess such further qualifications, if any, as may be prescribed by the Ordinances. The entrance to the University shall be Intermediate in Arts examination of Madras. The supervision and control of institutions preparing for such examinations continue to be the same as at present till such time after the passing of this Act as the local Government is satisfied that other and adequate arrangements have been made for the conduct of such examinations. The Senate considered the question in committee on 25th November 1920, and the committee, presided over by Diwan Bahadur R. Venkataratnam Nayudu, that was appointed to discuss the position of Secondary Education in the light of Sadler's Commission recommendations, considered the matter. Opinions are by no means unanimous, and it is therefore desirable to give an opportunity to the new Academic Council to make its recommendations to the Government as early as possible for action to be taken. The University has the right to lay down standards and conditions of admission into its portals. The period of Degree Course and the control and conduct of Intermediate Examination in Arts are important academic questions which the special body like the Academic Council is most competent to advise. Government may then take action under clause 32 of the Bill.

“In the governance of the University the mufassal colleges have been given greater voice. In the constitution of the Syndicate, adequate representation of mufassal colleges is provided, while under the existing system there is hardly any statutory claim for representation. In the Academic Council which is the pivot of the scheme that is responsible for the organization of higher teaching and higher study, the mufassal colleges have large representation. In the Senate, the ex-officio members from mufassal colleges will now be a strong force, and in addition to the larger representation and greater recognition of their rights and interests there is the Council of Affiliated Colleges which will exclusively consist of representatives of mufassal colleges, and this Council will watch the interests of the mufassal colleges in either matters academic or in matters financial. They could not and would not allow any method that would be adopted by the University to the detriment of the prestige or influence of the mufassal colleges. Hence a power is vested in the mufassal colleges, a power which they do not

14th November 1922]

[Mr. A. P. Patro]

possess under the existing system. The Bill provides great incentive to mufassal colleges to emulate the constituent colleges and grow stronger to concentrate all efforts to become the centre of new University.

"I would therefore earnestly appeal to the mufassal colleges that in this great task of the reformation of the University they would co-operate in making a beginning at a centre most suitable for such development. The transition from a purely examining to a teaching and examining body is inevitable and desirable. The full reformation cannot be effected in a day. A start has to be made. From the aims and objects of the University it would be clear that the new University will work on co-operative lines in utilizing the teaching resources available and bringing the colleges and the University into closer partnership.

"The funds contributed to the University are placed on a statutory basis and an obligation is created for subsidising University expansion. Every reform and every progress implies additional expenditure. The financial liability under the system described above is not as heavy as it would be when a new University is established elsewhere. A University Library and Professorships will be found and a Laboratory will be established. We have facilities for the utilization of a well equipped laboratory. From what is already said with reference to the grant of the Government of India for a definite step to be taken towards the realization of the idea of a teaching University, there is a fund of about eleven lakhs out of which, expenditure for a new library hall, lecture rooms, equipment and books is provided. Government have a highly endowed laboratory and lecture rooms newly constructed from State funds which would also be used for the University. A separate laboratory hall must be constructed in course of time and this will spread over three or four years before completion. What is now estimated is a recurring grant of about three lakhs of rupees for University development, with a non-recurring grant for a few years to complete the construction of a separate building if necessary and further to make provision for developing constituent colleges and other University centres. The scheme will work gradually and it will take time for the individual colleges and the University to fulfil the objects of the Bill. Even if the cost is larger, I am sure a scheme such as the above which would lighten the burdens of examinations and emphasize higher teaching and training and provides for research and University life is worth having. I would not detain you longer in discussing the detailed provisions of the Bill which are already dealt with in the statement accompanying the Bill.

"The Bill has for its aim to improve teaching, to open the way for research, to insist residence in some institution as a part of the University life with a view to making the college course more fruitful by promoting an academic atmosphere. It proposes the reconstitution of the existing University by enlargement of the Senate, the formation of an Academic Council, the development of hostels, the provision of laboratories for advanced teaching and research. With these, to use the language of one of the ablest educationists of Southern India, Professor F. E. Corley, 'The University as remodelled under the Bill ought to be able to enlarge and at the same time to intensify its activities to the great benefit of education in Southern India'. Sir, I beg to move that the Bill to provide for the reorganization of the Madras University, 1922, be read in Council."

[14th November 1922]

Rev. W. MESTON :—" It is with deep satisfaction, Sir, that I beg to support the motion for the introduction of this Bill ; and that satisfaction is due to various considerations.

" In the first place, this is a constructive measure of University development. I say ' development ' because if I were to use the word ' reform ' it might be thought that I was referring to something of the nature of a revolution, and I have too great a respect for, and pride in, the University of Madras, to wish for anything revolutionary in connexion with it. I rather desire to see advance which will be as gradual as is consistent with growth, and as complete as is consistent with stability. That desire is largely satisfied by the measure under consideration, and for that, as for the very clear and full manner in which he has presented the matter, we are under a debt of gratitude to the hon. the Minister to whom our hearty congratulations are due. This measure is constructive. We have had much criticism of the University of Madras, so much that at times the one outstanding and undeniable fact has sometimes been overlooked, the fact, viz., that the University has behind it a record of more than half a century of solid achievement, achievement recognized and acknowledged not only in this presidency but throughout the whole country. This Bill is constructive both by what it gives, and by what it makes possible. Time permits me to make but the very slightest reference to these points. The Bill gives us for one thing a Senate which combines academic and non-academic interests and which is largely elective. It gives us also an Academic Council where those who are specially qualified to deal with curricula and educational requirements will have the opportunity of advising the University. And the Bill makes it possible for mufassal colleges to remain as they do at present under the guidance of their *alma mater*, and then when the time comes, as it were, to set up house for themselves and group themselves into local universities. It also makes it possible for the intermediate classes to remain as they are until the Academic Council is able to make its recommendations, giving us, as I trust, for the first time a really unbroken university course, and giving to these classes a relationship with the educational system of the country which will redeem them from the somewhat undignified position of half-way houses that is almost inseparable from their present designation.

" But the measure is more than constructive ; it is also a practical measure. It solves a difficulty which is pressing on this University. Those who are acquainted with the University know that it is becoming unwieldy, and they have no desire that it should share the fate of the sister University of Calcutta. This Bill makes a beginning of the solution of this difficulty in a feasible way. For a beginning, as it seems to me, must always be made somewhere, and not (as some seem to think) everywhere. Now, that somewhere is undoubtedly the City of Madras. In it, as the hon. the Minister has pointed out, there are exceptional opportunities for combination of colleges, and exceptional provision for arts and professional education. In Madras there is already more than a nucleus of a university, for in the city there are colleges which are actually working in a certain measure of combination. And the organization of the colleges in Madras may be done without depriving any college outside Madras of any privilege now enjoyed. Indeed the colleges outside Madras have not only, under the

14th November 1922]

[Rev. W. Meston]

Bill, their former privileges conserved, they have them enhanced in at least two ways. For one thing a council of affiliated colleges is to be established in which the special needs of these colleges will be represented and considered, and for another thing statutory provision is made for supplementary teaching in these colleges under section 14 (8) of the Bill. The organization at Madras, then, is but the first stage now contemplated; the second stage is the encouragement of the mufassal colleges to combine in appropriate centres for the establishment of separate universities. And when the university in the City of Madras has been constituted, this second state will be helped forward in various ways. The University of Madras will be before these local universities, either as a pattern or as a warning; and more than that it will act in the most forcible manner as a lever for their own advance. I have before this time said to the hon. the Minister that as soon as the university at Madras is established he will not have a moment's rest till the local universities are fully established. The present measure then provides the only practical way in which a series of strong universities can be set up in this Presidency, and at a minimum of expenditure.

"Then I regard this Bill as a truly effective measure. It lays emphasis upon life, corporate and academic. This has an important bearing on the length of the university curriculum and in other ways. For the life, on which the Minister has so well dwelt, is to run through different channels, and these channels are the various colleges each yielding its characteristic contribution. The university is to reach its power by the freest and fullest development of the colleges not by killing them. If this Bill meant what the writer in the Educational Supplement of the *Times* understood it to mean, the absorption of all colleges by the university, the university stretching out its hand till it held all in its grasp, so that colleges became reduced to mere hostels, I should have opposed this Bill and fought against it with all my power. Why? For a selfish reason? No, for a national reason. For if you kill the individuality of any college, you stop the flow of a stream which is contributory to the national life (Hear, hear). Under the Bill the university is to supplement the colleges, not to rival them. The growth of the university in strength will be marked by the growth of the colleges in strength and individuality. I believe the hon. the Minister finds it somewhat hard to express this relationship legally. May I suggest that it may be done in two other ways—academically, by a larger representation of the colleges as such on the Senate and Academic Council, and financially, by larger provision for academic development. Thus in the life of the colleges the university will share, and the colleges will benefit by the life of the university.

"Another consideration which makes me support this measure is that it proceeds along constitutional lines. The main principles underlying this Bill, as the hon. the Minister has pointed out, have been already approved by the University. Why then, it may be asked, not follow out what has been done and let the University act for itself? Because, for one thing, even that procedure would have involved changes requiring an application to the Legislative; and for another thing because, since the 1919-20 discussions, education has passed under the control of a popularly elected body. It will be a happy circumstance, I cannot but think, if the positions adopted by an academic Senate at the beginning of 1921 receive statutory

[Rev. W. Meston]

[14th November 1922]

enactment at the hands of a popular Legislative Council at the end of 1922. It will be a sign of the closer drawing of two of the greatest powers in the country—good government and good education.

“These features of the Bill, I need hardly say, go along with others, which rouse some opposition, or if not opposition, at least obstinate questionings. I may mention the emphasis of, and certain words in, the preamble which I should like to see changed, the constitution of the Academic Council which, as I have mentioned, I should like to see strengthened, the provision for the acquisition of colleges by the university which I trust will not be called into force for any arts college, the financial relations of the colleges to the university and the Government which are not clear, certain functions assigned to the Vice-Chancellor which might be modified with advantage and, what appears to me to be practically a statutory provision for the exclusion of teachers from the benefits of a teaching university.

“I do not dwell upon these, however, at this time. It would be ungracious to dwell upon what may be set right when the Bill is in the hands of the select committee. But I think it well to mention these points, so as to make it perfectly clear that, with all my respect for the Bill, these are certain features of it which I trust to see altered or eliminated.

“With the large-minded modification which is possible, the Bill will, I believe, make provision for an educational advance which will be felt in every high school and college in this Presidency; and for that main reason I beg to support the motion of the hon. the Minister.”

Mr. S. ARPUDASWAMI UDAYAR :—“Mr. President, Sir, it is my painful duty to oppose the main principles of this Bill. My friend, the hon. the Minister for Education, referred pointedly to Trichinopoly, but I may assure him that I represent not merely Trichinopoly, but I represent also Tanjore and Madura, and that my views are the views of the constituency which I represent.”

The hon. Mr. A. P. PATRO :—“I consulted the views on the principles of the Bill of the late lamented Mr. Zumbro who accepted them.”

Mr. S. ARPUDASWAMI UDAYAR :—“I may tell you, Sir, that his successor has signed a memorial. The first feature that I object to, Sir, is the ten-mile limit. It confers the privilege of a constituent college, not on grounds of efficiency, but on the question of an institution which happens to be situated within the City of Madras. The hon. the Minister said that the City of Madras had colleges highly developed. I do not object to that statement. However, I think except two colleges, the others have made no provision for Honours courses, but I know in the mufassal there are two colleges which have made ample provision for Honours courses and these Honours courses as I shall have occasion to show, do constitute the advanced teaching or higher teaching which has been referred to often and often in the report. It brings into existence two kinds of university life, two kinds of university teaching, two kinds of university equipment, status, standards and privileges. The colleges situated in the City of Madras become constituent colleges of the teaching and residential university, while the colleges in the mufassal stations become exterius lying outside the

14th November 1922] [Mr. S. Arpudaswami Udayar]

teaching and residential university. The constituent colleges have the benefit of university professorships, university lectures, university libraries and laboratories, university teaching and university curricula determined by university teaching.

“The colleges outside the limits of the teaching and residential university are suffered by affiliation to send up candidates for examinations conducted by the university which in relation to them becomes a mere examining body. They are expected to compete, as the hon. Member said, with the constituent colleges. They have to prepare their students as best they can and send them up for the same examinations but without the facilities and helps enjoyed by the constituent colleges. Their curricula will be determined not so much by university teaching as by public examinations. This distinction, Sir, between two kinds of university life and two types of colleges will by the passing of this Bill become legal and statutory. It has been contended that even now the distinction exists. It may exist, Sir, in the prejudices or in the imagination of some who ignore the fact that under the present dispensation all colleges, whether they be situated in the City of Madras or outside it, are on a footing of complete equality in respect of organization, of teaching and examinations. But hereafter this distinction will become real; it will be grounded on fact and employers will be justified in thinking that the products of a teaching and residential university ought to be like the graduates of Cambridge and Oxford much better men, men superior to the graduates of mufassal colleges. And Indian parents who are shrewd enough to invest their money in very paying concerns will try to avail themselves of the very best kind of university teaching for their children and will spare no pains, will grudge no pecuniary sacrifice, at least those who can afford to pay, to send their children to Madras. This will result in two evils—overcrowding of the constituent colleges and overcrowding of hostels and of the City of Madras where hostel accommodation for students is not after all quite adequate, and the other evil”

The hon. Rao Bahadur A. P. PATRO:—“The Bill safeguards against overcrowding as the number and space are limited.”

MR. S. ARPUDASWAMI UDAYAR:—“I will come to it later on, Sir. Secondly, it will result in the depletion of mufassal colleges. The better classes of students will flock to the constituent colleges. Those who cannot gain admission or are too poor to seek admission, into the constituent colleges—poor non-Brahman classes, Muhammadans, Indian Christians and a number of the depressed classes, who cannot afford to meet the costly provision—will perhaps reluctantly join the mufassal colleges. The hopes held out, Sir, of a future provision made for teaching universities will become harder of realization after the passing of the Bill than they are now. For, when a college enjoys complete equality with some slight encouragement it can be made to rival the best institution here in the city. But when once the balance is disturbed, when once the mufassal colleges sink in popular estimation or begin to be considered inferior to the constituent colleges, the mufassal institutions will fail, never to rise again. This ten-mile limit centralizes higher university teaching, confines to a centre, a member, a part, however important, of the ‘senatus academicus’, educational facilities and helps which ought, in all fairness to be fairly distributed throughout the whole body, to all its parts and members.

[Mr. S. Arpudaswami Udayar]

[14th November 1922]

"Some kind of decentralization is necessary in university teaching, that very decentralization which the hon. the Minister for Education began his apologia with. This can best be effected not by the expression of a wish for a future provision but by the simultaneous creation not necessarily of universities, but at least of university centres enjoying a certain degree of autonomy. Decentralization in administration has been followed by decentralization in elementary education and secondary education. As the hon. the Minister himself so ably put it, educational councils have been formed, secondary education boards are in the making. So while decentralization is the watch-word everywhere, in all branches of administration, in the departments of elementary education, secondary education, university teaching alone, Sir, will prove an exception to the rule and will become, I fear, a close preserve. Free compulsory elementary education and expansion of secondary education to which the hon. the Minister himself referred will result in an unwonted increase in the number of students seeking admission into colleges. Surely, Sir, it is unfair to shut out any student or any class of students possessing exceptional intelligence, abilities or capacity from having the very best kind of university teaching. Not all, it is true, are capable of benefiting by university education but the aim should be to give the opportunity of the highest university teaching for all who are intellectually and mentally capable of it. The limit should be set by mental capacity not by lack of opportunities or economic circumstances or geographical limits. The ideal should be to make things of the mind accessible to all, in widest commonality spread like the gifts of Nature.

"University work, Sir, must, as the hon. the Minister hinted, be adapted to the needs and requirements of the different parts of the Presidency. Languages differ, historical traditions differ, industrial and commercial activities and possibilities differ. Trades and callings may differ; education will have to be adjusted to these different needs when these needs make themselves felt. With the simultaneous creation of some university centres, increased opportunities will arise for the provision of a greater variety of courses, higher courses, for the expansion of the residential system, thereby fostering the corporate life of the university or university centre of giving greater importance to character training, will training, the development of the social side of the university, how university training is a thing to be used for the common good and not to be hugged as a private possession. The virtual shutting out of such possibilities by the suggestion of a remote provision which may be given effect to when constituent colleges shall have marched with giant strides and the mufassal colleges shall have lagged behind in the race, which must necessarily be the case if the present policy of depriving them of equipment grant, building grant continues, is certainly another disadvantage arising from the imposition of this limit. The second feature has reference to the residential character of the university. Here I must say that for a university to be strictly residential it should provide adequate hostel accommodation for all its alumni. At present hostel accommodation for students in Madras is only about 22 per cent and accommodation should be found for the remaining 78 per cent. Now at the rate of a thousand rupees for each pupil a lakh of rupees will be required for finding accommodation for the remaining 78 per cent and for the larger number who will be drawn to the city hereafter. Otherwise the new university will be residential but in name."

14th November 1922

The DEPUTY PRESIDENT (*from the Chair*):—"It is time for the hon. Member to close."

Mr. S. ARPUDASWAMI UDAYAR:—"I am not even allowed twenty minutes, Sir."

Diwan Bahadur M. KRISHNAN NAYAR:—"May I know whether, with reference to speeches on a legislative measure there is any time-limit fixed? I am aware, Sir, that there is a time-limit fixed for all speakers except the mover, of ten minutes with reference to resolutions in general. But I wish to know whether there is any time-limit fixed with reference to speeches on the sections of a Bill."

The DEPUTY PRESIDENT (*from the Chair*):—"Yes, the limit was specially fixed and announced in the House last time."

Mr. S. ARPUDASWAMI UDAYAR:—"Then, Sir, the third feature is the confusion that exists between the ordinary university work of colleges and higher university work. If specialization is insisted on with regard to the ordinary pass course teaching, I think, there is hardly any constituent college in the city, which is capable of accommodating some five or six hundred students taking History or Philosophy or Natural Sciences. With such numbers there could be no teaching, no discipline and the confusion resulting from the dispersal of this large body and the migrations of the students from one college to another in this city of distances baffle all description."

"The next feature, Sir, is the provision made in clause 14 (14) and (40) for assuming the management of private institutions and the management of Government institutions transferred to the university. This at least implies a process of absorption and the fact that the Bill foresees and provides for such transfers introduces, I think, a dangerous principle, a dangerous tendency, a new feature in the world of education."

Mr. C. RAMALINGA REDDI:—"Mr. Udayar proceeds on entirely unfounded premises. The Bill provides for voluntary transfer."

The DEPUTY PRESIDENT (*from the Chair*):—"The hon. Member Mr. Arpudaswami Udayar has exceeded his time-limit and will please resume his seat."

Mr. M. RATNASWAMI:—"Mr. President, one of the advantages of the party system is that it makes possible the carrying out of large legislative programmes. The possession of a substantial and continuous majority by one party in this House makes possible the introduction of a number of legislative proposals which have certain definite principles behind them. The possession of the substantial and continuous majority no doubt works unto inconvenience and is sometimes looked upon as an undiluted nuisance by one section of this House. As I said, it has compensating advantages and that is, it makes possible the introduction of legislative measures of far-reaching importance. This morning we witnessed the passing of a Bill from which great consequences are expected to arise. And this afternoon we have seen the introduction of a Bill which claims to influence the educational life of this Presidency to a very considerable extent. The reception of the Bill by the public has been of a mixed character. To judge from the utterances in the Press one would think that there was a considerable amount of opposition to the principles of the Bill but when we analyse the opposition especially in

[Mr. M. Ratnaswami]

16th November 1922

the Senate we shall see that the opposition is not of a very serious character. For instance, if we analyse the vote at the recent meeting of the Senate we shall see that the proposal to discuss in detail the University Bill was defeated by a very small majority—a majority composed on the one hand of people who wanted to wreck the Bill totally, and on the other of people who feared unnecessarily about the future of their own colleges.

“It is my painful duty to oppose my old friend and teacher Mr. Arpudaswami Udayar in connexion with this Bill. He tried to
4-45 p.m.

make out a very serious case on behalf of the mufassal colleges. Sir, I can speak with a certain amount of detachment upon this question because I never had the good fortune or the misfortune of being educated in a Madras College. From the very beginning I was educated in mufassal colleges, one of them being the St. Joseph's College, Trichinopoly. Therefore, when I say that the opposition on behalf of the mufassal colleges is not well founded, my opinion is not based upon any consideration of vested interests but is based upon a serious view of the educational interests of the Presidency. As the hon. the Minister for Education has stated in his opening speech, enough provision is made in the governing bodies of the university for the representation of mufassal colleges. In fact, one might say that he had gone the length of giving them what a Madras man might consider to be over-representation in the Senate, in the Syndicate and in the Academic Councils, seeing that the mufassal colleges have little or nothing to do with the life led by the students in the Madras City colleges. My hon. friend Mr. Arpudaswami Udayar has alluded to the ten-mile limit and stated that it was an impossible thing to attach to a university. Well, Sir, if we are going to have a teaching university and a residential university, then we must have some kind of limit.”

Mr. S. ARPUDASWAMI UDAYAR :—“What I wanted to say was : ‘Have a limit, but simultaneously have university centres as the Saddler Commission recommended. Colleges which promise to become potential universities ought to be encouraged.’ That was what I meant. By all means have a ten-mile limit, but at the same time make provision for the simultaneous creation of universities.”

Mr. M. RATNASWAMI :—“As I was going to say, we cannot have a university sprawling all over the country like the present Madras University. The universities in India came into existence under very peculiar conditions. The British Government in the initial stages of their rule wanted a large number of highly trained clerks to facilitate them in the business of administering this country. That was why they laid down that the standard of B.A. should be attained by every candidate seeking an appointment in the public service. I would request Mr. Arpudaswami Udayar and those who are intent upon opposing this Bill to go back to the old mediæval idea of a university which was that a university should be a local corporation of colleges living an organic life and that a university should be as social in its character as possible. Now, these ideals of the mediæval university cannot be realized in a university which is sprawling all over the country. Mr. Arpudaswami Udayar was also very anxious about the future of the mufassal colleges. Personally I have not such a low opinion of the organization and the resources of teaching of the mufassal colleges as he seems to have. The disadvantages that he alluded to exist at the present

14th November 1922] [Mr. M. Ratnaswami]

moment. Now the Madras colleges on account of their position do enjoy advantages which are denied to the mufassal colleges. I am sure that the powers of organization and resourcefulness of the mufassal colleges would be quite equal to the new conditions and circumstances that are going to be created by this Bill. My hon. friend Mr. Arpudaswami Udayar drew a very lurid picture of the future of the mufassal colleges. Personally I think that whatever the disadvantages which these colleges might suffer from, they would be only of a temporary character. The incentive given under this Bill for the formation of new universities in places like Trichinopoly is indeed very great, and I think these colleges would be encouraged, or impelled or even forced to establish universities of the kind contemplated by the University Bill. This Bill provides for the establishment of a teaching university and for the incorporation of constituent colleges that exist at the present time or that might come into existence in future into a teaching and a residential university. It seems to me that this attempt on the part of the hon. the Minister for Education to establish a university of this kind ought to receive all possible encouragement and support. It is true that the educational millennium will not be introduced by the passing of this Bill. I do not think that the hon. the Minister for Education is so vain as to think that this Bill will be an educational panacea for the curing of all the diseases from which the educational life of this Presidency is at present suffering. On the whole, I think this is a step in the right direction. Of course, modifications will have to be suggested at the select committee stage. The Bill requires improvements in several directions. Care should be taken to see that the autonomy of the constituent colleges is under no circumstances impaired, because, as my hon. friend Mr. Meston pointed out, the life of a university rests on that of the constituent colleges and there can be no life if the individuality and personality of these colleges are threatened to any extent however small. This Bill is not at all intended to bring about absolute educational peace and prosperity, but I think that it is an earnest attempt, however small it may be, to lay the foundations of future educational progress. Therefore I think it is the duty of every one who is interested in promoting real university life to welcome this measure and to accept the principle underlying the Bill. All the suggestions and improvements that may be necessary to make this Bill realize the object for which it is intended may be made at the select committee or at the third reading stage."

The Council then adjourned at 4-55 p.m. to meet at 11 a.m. on Wednesday, the 15th November 1922.

L. D. SWAMIKANNU,
Secretary to the Legislative Council.

